



Byotrol plc
FINANCIAL STATEMENTS
for the year ended
31 March 2017

Company Number: 05352525

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Directors

John Thomson Langlands (Non-executive Chairman)
David Thomas Traynor (Chief Executive Officer)
Dr Till Medinger (Non-executive Director)
Dr Trevor Francis (Chief Technology Officer)

Secretary and registered office

Denise Yvonne Keenan
Riverside Works
Collyhurst Road
Manchester
M40 7RU

Auditor

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Bankers

Barclays Bank plc
3 Hardman Street
Manchester
M3 3HF

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Nominated Advisor and Broker

finnCap
60 New Broad Street
London
EC2M 1JJ

Solicitors

Field Fisher Waterhouse LLP
35 Vine Street
London
EC3N 2AA

I am pleased to make my first report as Chairman having joined the Company on 1 February 2017. The Company has made very good progress during this financial year and has achieved most of its targets, including a first operating profit before share based payments, depreciation and amortisation.

As I only joined the Company mid-way through the year most if not all of the credit for the progress must go to my predecessor as Chairman, Nicholas Martel, who has overseen the Company's transformation in three years from significant operating losses to a small operational profit and from one formulation encountering problems with EU regulators to multiple technology platforms over the same period. Nicholas provided a steadying influence throughout a difficult period for the Company and his sound advice will be sorely missed.

It was this development of new technologies that led me to consider joining Byotrol and to invest the time and effort in due diligence before agreeing to join. The biocides industry is an important part of the global chemicals market and satisfies multiple and diverse customer needs, often in very sensitive human and environmental scenarios. Yet it is undergoing huge change as regulators impose new laws, processes and systems with a view to controlling and making it as safe as possible. With such change, it seems to me that well-backed suppliers with efficacious, regulatory-approved products are set to increase market share as weaker companies cannot compete and will leave the markets, much as has been happening in the pharmaceutical and pesticides markets.

Byotrol technology platforms now cover three main areas: antimicrobial surface care in the US; antimicrobial surface care in the EU and alcohol-free hand sanitisers globally. All these markets are large, growing and need innovation and all the products we have developed for them are tailored towards specific needs, are patented and are protected by local regulatory regimes. It was very pleasing to receive approval from the US Environmental Protection Agency for our long-lasting anti-microbial product which offers unique performance characteristics and will provide significant opportunities in the US market. So, having developed the technologies, the Company's obvious challenge is to now commercialise them and start reporting sustainable profits.

It would be fair to say the team has committed most of its limited resources to R&D over the last few years, often at the expense of sales and marketing. I agree this was the right thing to do in the circumstances and it is to the team's credit that they have still reported an operational profit this year. They have successfully sweated existing assets hard, ran the Company on a shoestring, built some excellent technical development relationships and done all this in the relatively unforgiving public-eye as a listed company.

However, we must now pivot that approach and build a business with excellent science at its core, but with a sales, marketing and customer-focussed culture. Amongst other things we will need to improve product propositions, exit lower margin products and hire new sales-oriented professionals. This will be the Board's focus over the coming financial year.

It was apparent that the team was going to need more finance to invest in sales and marketing and to build a small team in the US to commercialise the newly-received EPA product registration. I also felt that we needed a stronger balance sheet as it was clear that the team had to make short term decisions to generate immediate cash flow and margin. While this was necessary due to the Company's financial position, a stronger balance sheet will enable the business to take the longer-term view and provide greater comfort to our customers and suppliers.

So, I was very pleased that post year end we were able to conditionally raise £4.3 million before expenses in new equity capital from new and existing investors through a placement and subscription. An open offer is also available to existing shareholders up to a maximum of £1.1 million. I am particularly pleased by the high quality new investors that have joined our register and grateful for the continued support from our current shareholders. Shareholders are required to approve resolutions enabling the placing, subscription and open offer at a General Meeting to be held on 4 September 2017.

The Company has also decided to simplify its balance sheet and redeem the outstanding convertible loan notes, although holders may instead elect to convert at a conversion price below the placing price.

I feel very energised by the opportunities that we now face and I was pleased to see that our shareholders share that engagement. I thank the shareholders for their specific support in the fund raising and for their support in general throughout the year. I also thank the Byotrol team for their commitment and hard work to get the Company to this point. The Company is now well positioned with three separate technology platforms in different markets and sufficient funding to develop these opportunities and we look forward to our long-term future with confidence

John Langlands
Chairman

25 August 2017

Chief Executive's Report

We have again delivered to plan this year, with further substantial improvements in the quality of our technologies, operations, sales, financial performance and outlook.

All three strategic initiatives continue to remain on target:

- Post year end we received formal approval from the US EPA of our 24 hour, long-lasting anti-bacterial spray for hard surfaces. This is a major step forward for Byotrol.
- The joint sales initiative with Solvay of the Actizone technology continues to progress with global and regional FMCGs. We are already selling finished products using this technology into EU petcare markets by way of our licensee Beaphar NA.
- We have now launched new formulation alcohol-free hand sanitisers into the UK NHS and into other segments. Initial customer response is very encouraging at home and abroad.

Financial Overview

We are pleased to report for the first time that we have reached EBITDA break-even before share-based payments for the year, a significant milestone. As we have reported before, this is partly-dependent on large one-off amounts from technical development partners, but as a technology business now we have a good track record of securing such payments and expect to carry on doing so in the future (as well as generating good margin from finished product sales).

Financial highlights include:

- Sales increased by 18% to £3,127k from £2,648k the previous year
- Gross profit increased by 52% to £1,752k from £1,154k the previous year
- EBITDA before share-based payments and R&D tax credits amounted to £27k versus a loss of £417k the previous year
- Sharply narrowed loss before tax for the financial year of £126k versus a loss of £533k the previous year. Cash and cash equivalents of over £951k. Cash generative in the second half of the year

Markets

Professional

Year on year revenues fell in the year to £1,181k from £1,431k and gross profit to £330k from £419k.

Our Professional business continues to face challenges in its legacy markets, particularly in food manufacturing and food services. As previously reported we have been hit hard in food by a combination of regulatory change making our core products uncompetitive and by increasing consolidation of competitors' chemical offers. We are simply too small to compete against broad-based chemical (and service) suppliers in many of these markets.

During the year we nevertheless continued to run this segment as efficiently as we could, with customer relationships, particularly in surface care wipes, generally remaining strong.

As a response to the above challenges, we are gradually re-focussing our Professional business into markets where our new technologies show genuine differentiation to the competition and where customers are prepared to pay us prices that reflect the extra benefit the products bring. This is particularly the case in healthcare and especially so in hand hygiene where we have made substantial progress, including via:

- The purchase of Winchpharma Consumer Healthcare ("WPCH") on 13 March 2017, for an initial cash consideration of £70k and potential deferred consideration of up to £44k in cash in 2018, subject to contract renewal by its key customer, the NHS Business Services Authority ("NHS Supply Chain" or "NHSSC").
- WPCH is effectively a shell company with one key asset, being a formal one year (extendable to three) contract to supply the NHSSC with alcohol-free hand sanitising products, plus certain other surface disinfection products. The purchase gives us the ability to directly sell into the NHS and to then use the credibility this brings to sell into other healthcare and business environments. Since year end we have launched hand sanitisers under a new Byotrol-owned brand - INVIRTU – and are very encouraged by progress with a steady stream of UK hospitals now agreeing to convert to our product.

- A long-standing US partner, Advanced Hygienics Inc, has signed a licensing agreement with the American Red Cross. Under the agreement, Advanced Hygienics will be manufacturing and distributing Byotrol-formulation hand sanitisers as an official licensed product under the American Red Cross brand in retail and B2B channels.
- Development work with Rentokil for its Ultraprotect range of washroom dispensers is now largely complete and sales now commencing.
- Exports to Kyorin Pharmaceutical Co. Ltd in Japan for sale into hospitals under its 'Noahtect' brand, and Goodlabs Medical Sdn Mhd Malaysia are also increasing steadily.

In due course and as resources allow we will also start selling our new surface care formulations into professional markets. We are particularly excited about the opportunities for our new US formulation in North America, especially in transport, leisure and janitorial sanitation markets.

Petcare

Year on year revenues increased in the year to £794k from £690k and gross profit to £269k from £207k.

Petcare performed fully to expectations in the year, with improvements across the segment including in supply chain and operational efficiency, increasing gross profit margin from 30% to 34% over the year.

Sales into UK retail (via Pets At Home and Petface) remained stable across pet grooming and pet environment surface care. Export was particularly strong:

- Our EU licensee, Beaphar NA launched 4 pet environment surface care products into the German market, with further EU territories due to launch in 2017/18 once regulatory registrations are finalised
- Our distributor in China, Sunon (via its Carexpro brand), reported strong growth, with its range now stocked in 2500 stores across mainland China

The majority of growth for the division this year has been achieved from customers in Asia Pacific, which will continue to be a significant focus for Byotrol in 2017/18

Consumer

Year on year revenues (and gross profit) increased to £1,152k (including a single very significant payment on one specific development contract with Solvay) from £527k in the previous year.

We are again pleased to report excellent progress in our consumer segment:

- We continue to market the Actizone formulation jointly with our partner Solvay. Our products are now in test with some of the biggest FMCGs in the world and we are expecting to show good financial progress in the new (2017/18) financial year as a result.
- The completion of the EPA approval process for our US-targeted household disinfecting/cleaning spray is a very important step for Byotrol. We now need to commercialise the technology, either directly to retailers under our own brand or via third parties/licensees. This effort will be a key focus for the team in the new financial year
- Sales of Tesco surface sprays (via our strong relationship with Robert McBride plc) are increasing steadily as Tesco continues to focus more on its own-brand products.

Hand sanitisers are looking an increasingly good opportunity for the Group with several new launches in process, including in the US. We are also looking to increase our presence in high street retail, although sales into Boots were held back in the past year as we together worked through introducing our new formulations into the Boots supply chain.

Technology and Regulatory Environment

The past twelve months has seen real and significant progress within Byotrol's technical programmes, building on what had been a very challenging but positive period in the previous years.

- In just under 12 months we have gone from filing a new patent in alcohol-free hand sanitisers to launching a fully developed and consumer-ready formulation into B2B and B2C markets.
- Completion of all the technical (microbiological, safety, chemistry and environmental) tests required to satisfy the stringent protocols of the US EPA and secure approval for our unique 24 hour germ-kill product for US

consumer markets. Much praise must go to the individual scientists who have contributed to such an exciting commercial opportunity for the Group.

- The residual surface sanitising test that we developed with the British Standards Institute (PAS2424) has now progressed to the EU Commission's Test Committee's work plans for consideration as a European standard protocol for long lasting germ kill (there is currently no standard test in Europe). This is very good progress for us, but as the work of the Test Committee is undisclosed we cannot yet give a view on likelihood of success or timings for decision.
- The team is in very early stage preparation for developing product dossiers for formal approval of our specific products under the European Biocidal Product Regulations. Timing for submission remains unclear but it is unlikely to be completed before 2019/20.

Outlook

This was another year of steady improvement and the team is pleased with progress, although there is still a lot to do.

Shareholders will have seen in the last few years that Byotrol has been devoting most of its resources to upgrading technologies, especially by tailoring them to specific markets (and ensuring they will then get regulatory approval). We have also been doing (small, very focussed) projects on blue-sky anti-microbial products, with seaweed becoming a particular area of excellence. We have been largely successful in meeting technical objectives, something validated by continued securing of long-term technical and commercial partners, with Solvay being the primary example.

The next step is to focus on sales and marketing and generate more margin from product sales. Our aim is to maximise gross profit with as simple a business as possible by combining product sale, licenses and technical development agreements.

Our challenge is that at year end we employed only 17 people, plus a number of external consultants (to maximise flexibility and keep costs as variable as possible). Of those 17, 7 were technical/laboratory based and only 2 were full time sales people.

We now have to ensure continued excellence in our scientific work at the same time as complying with the various regulatory processes in our targeted markets. But it is fair to say that every extra pound of margin that we generate this coming financial year will now be pushed into marketing and sales, especially in the US where the Directors see a very substantial opportunity.

The good news is that (1) most of the core technical work is complete (2) the team is very enthused by the opportunities it is uncovering and (3) our shareholders continue to be very supportive of the approach we are taking and the progress we are making. We expect to continue this progress in the new financial year.

David Traynor
Chief Executive
25 August 2017

The Directors present their strategic report for Byotrol plc for the year ended 31 March 2017

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

Business Review

The principal activity of the Group during the year was the development, patenting, licensing and sale of anti-microbial products and technologies for business and consumer use.

Key performance indicators

Management uses a range of performance measures to monitor and manage the business. The Management consider the primary financial KPIs for each segment of the Group to be revenue and gross margin %. These are both measured and monitored closely. Current year revenue is £3.13M (2016: £2.65M) and gross margin for the year is 56% (2016: 44%). In addition to the financial KPIs, the Directors measure and monitor various non-financial KPIs including measuring the timeliness and efficiency of the research and development team against project timelines and objectives.

The Board believes these KPIs as being entirely suited to the needs of a growing business. Further analysis of the Group's performance is set out in the Chief Executive's Report.

Development and financial performance during the year

The results show continued efforts to focus on higher margin business, on more efficient commercial structures and to de-emphasise many of the legacy products, businesses and initiatives from before the Company was restructured in late 2013.

- Gross profit increased to £1,751k on turnover of £3,127k (compared to gross profit of £1,154k on turnover of £2,648k in the previous year)
- Operating profit before share-based payments, depreciation and amortisation of £27k versus a loss of £417k the previous year
- Sharply narrowed loss after tax of £126k (after tax credits) versus a loss of £532k the previous year
- Cash and cash equivalents of £951k, compared to £1,017k in the prior year

Post year end fundraising and Convertible Loan Note redemption

As described in the Chairman's Statement, the Board agreed that more finance was needed in the Group to invest in sales and marketing (especially to build a small team in the US to commercialise the newly-received EPA product registration) and to give a stronger balance sheet to enable the business to take a longer-term view in negotiating commercial deals and margins.

Post year end Byotrol has conditionally raised over £4 million in new equity capital from new and existing investors through a placement & subscription ; an open offer is also available to existing shareholders up to a maximum of £1.1 million. Shareholders are required to approve the resolutions enabling the placing, subscription and open offer at a General Meeting to be held on 4 September 2017.

In parallel with the refinancing and in response to many investor wishes, the Board also decided to redeem the outstanding £380k Convertible Loan Notes. This exercise will complete in early September and is likely to encourage many of the noteholders to convert into shares as the conversion price on the Notes is likely to be below the prevailing share price on the completion date.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

Regulatory risks

The regulatory environment within Europe's biocides industry continues to change significantly. At the core of this is the Biocide Products Regulations, under which the European Union is intending to harmonise the market in Europe for biocidal active substances and products containing them. This means industry participants will be required to (a) register all their formulations with the EU and (b) use only active ingredients specifically approved by the EU authorities.

The Group's management must always be pro-active in responding to any changing market conditions and see the changes as an opportunity to build market share and benefit from consolidation within the biocides industry.

Credit risks

The Group's principal financial assets comprise cash and cash equivalents and trade and other receivables. 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.

Liquidity risk

As at 31 March 2017, the Group had cash and bank balances of £951,088. Funds will be used in the marketing 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.

Group cash balances are monitored on a weekly basis to ensure that the Group has sufficient funds to meet its needs. Cash flow forecasts are generated and reviewed regularly by management.

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, post year the Directors have raised over £4 million in new equity capital from new and existing investors (subject to approval at the General Meeting on 4th September 2017) and therefore 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 still complex but not as complex as with a newly designed chemical compound.

Approval

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

David Traynor
Chief Executive
25 August 2017

Principal activities

The Group's principal activity is the development, patenting and sale of anti-microbial products and technologies for business and consumer use.

Results and dividends

The loss for the financial year to 31 March 2017 attributable to ordinary shareholders amounts to £126,427 (2016: £532,969). 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 are presented in the Chairman's Statement on page 3 and the Chief Executive's Report on pages 4 to 6.

Fund raising

In the period since the balance sheet date, the Company has conditionally raised over £4 million in new equity capital from new and existing investors through a placement & subscription; an open offer is also available to existing shareholders up to a maximum of £1.1 million. Shareholders are required to approve the resolutions enabling the placing, subscription and open offer at a General Meeting to be held on 4 September 2017.

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 existing customers and opportunities as well as 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. These projections include assumptions around the quantum and timing of receipts from customers. 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, since the year end date the Directors raised funds of at least £4m before expenses, through a placing with new and existing shareholders, and subject to shareholder approval at the General Meeting on 4 September 2017. These have 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 and our confidence in continuing support from shareholders, 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.

Taxation

The Group incurred a loss in the financial period to 31 March 2017 and accordingly no taxation was payable. The tax losses arising will be available to offset against the profits expected from future trading, although no deferred 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 27 to 34.

Post year end

Post year end formal approval was received from the US EPA for the 24 hour, long-lasting anti-bacterial spray for hard surfaces. There are no other balance sheet events to report other than the fund raising – as detailed above.

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. In addition to the risks identified in the strategic report and in note 16 to the financial statements, the Directors have identified the following significant risks:

Commercial Risks

- Performance depends on the continued ability to develop and sustain sales;
- Performance also depends heavily on the continued patent protection; and

- 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.

Future developments

Reference to future developments can be found within the Chief Executives' Report on page 6 of these financial statements.

Research and development

The Group invests in the research and development of further anti-microbial products and has six employees in its research and development department.

In order to achieve a return on the investment made, Byotrol must ensure that the intellectual property developed is protected so it alone can exploit the developments made. Therefore Byotrol seeks to apply for patent protection on all new technologies in the key markets where it anticipates exploiting those technologies and will robustly defend any breach of its patent protection.

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:

Executive Directors

David T Traynor (Chief Executive Officer)
Dr Trevor Francis (Chief Technology Officer)

Non - executive Directors

John T Langlands (appointed 1 February 2017)
Nicholas C G Martel (resigned 1 February 2017)
Dr Till Medinger

The retiring directors are David Traynor and John Langlands who will offer themselves for election at the Annual General Meeting. The Annual General Meeting will be held at 11.00 on 28 September 2017 at 60 New Broad Street, London, EC2M 1JJ. The notice of that meeting, together with a proxy card, accompanies this document.

Directors' interests

The Directors at 31 March 2017 and their interests, including family interests, in the share capital, were as follows:

	31 March 2017 Ordinary Shares	At date of appointment or 31 March 2016 Ordinary Shares
John Langlands	1,100,000	300,000
David Traynor	4,850,514	4,850,514
Till Medinger	1,164,367	1,164,367
Trevor Francis	1,110,359	1,110,359

Between the year end and 25th August 2017 John Langlands has agreed to subscribe for 2,500,000 Subscription Shares as part of the fundraising and this is conditional on the shareholder approval of resolutions at a General Meeting to be held on 4 September 2017.

Directors' indemnity

The Company has a Directors and Officers liability policy 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 25 August 2017:

	Number of Shares	% of Ordinary Shares
Ruffer Investment Management	61,728,121	23.03
Walker Crips	19,322,800	7.21
Fiske	15,236,083	5.68
Bricon Byotrol	14,599,038	5.45
What If Holdings	13,689,569	5.11
Maunby Investment Management	12,623,366	4.71
Hargreaves Lansdown	10,685,449	3.99

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 65 days of purchases outstanding in trade payables as at 31 March 2017 (2016: 65 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 auditor is unaware and they have taken all the necessary steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution for the appointment of Mazars LLP as auditor is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

David Traynor
Chief Executive
25 August 2017

Remuneration Committee

The Group has established a Remuneration Committee comprising the two 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 John Langlands (appointed 1 February 2017), Nicholas Martel (resigned 1 February 2017) 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.

Basic salary

Basic salary is reviewed annually with increases taking effect from 1 April. In addition to basic salary, the Chief Executive Officer also receives a benefit in kind of private medical insurance.

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 2017 nor for the year ended 31 March 2016.

Share options

The Company has two share option schemes, the Executive Scheme and the Enterprise Management Incentive Scheme ('EMI'). As at 31 March 2017, the Directors had options to subscribe for ordinary shares under the Company's share option schemes as follows:

	Options held at 1 April 2016	Movement in the period	Options held at 31 March 2017	Exercise Price	Date of grant	Expiry Date
Non-Executive Directors						
John Langlands	-	2,700,000	2,700,000	4.125p	01/02/2017	14/10/2021
Dr Till Medinger	500,000	-	500,000*	3.5p	24/07/2014	24/01/2022
Executive Directors						
David Traynor	4,500,000	-	4,500,000*	3.5p	24/07/2014	24/01/2022
Dr Trevor Francis	2,250,000	-	2,250,000*	3.5p	24/07/2014	24/01/2022
David Traynor	1,200,000	-	1,200,000*	3.5p	03/12/2015	03/06/2023
Dr Trevor Francis	600,000	-	600,000*	3.5p	03/12/2015	03/06/2023
David Traynor	-	2,000,000	2,000,000	4.125p	14/10/2016	14/10/2021
Dr Trevor Francis	-	2,000,000	2,000,000	4.125p	14/10/2016	14/10/2021
Total	9,050,000	6,700,000	15,750,000			

*options granted with subject to performance conditions and will lapse if the conditions are not satisfied.

Pension arrangements

The Chief Executive Officer is entitled, but has waived his right, to receive a 10% salary contribution from the company to a pension scheme of their choice.

Directors' contracts

It is the Group'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.

The Chairman has been employed on a fixed term appointment of 12 months followed by a notice period of 3 months with other non-executive Directors employed on letters of appointment terminable on three months' notice.

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2017 £	2016 £
Emoluments	243,667	229,000
Money purchase pension contributions	-	-
	<u>243,667</u>	<u>229,000</u>
	<u><u>243,667</u></u>	<u><u>229,000</u></u>

Individual Directors' remuneration

The remuneration of the Directors for the year ended 31 March 2017 is as follows:

	Basic salary and fees £	Other benefits £	Total 2017 £	Total 2016 £
<i>Executive Directors</i>				
David Traynor	113,000	1,597	114,597	102,482
Trevor Francis	80,000	-	80,000	80,000
<i>Non-Executive Directors</i>				
John Langlands	6,667	-	6,667	-
Till Medinger	24,000	-	24,000	24,000
Nicholas Martel	20,000	-	20,000	24,000
	<u>243,667</u>	<u>1,597</u>	<u>245,264</u>	<u>230,482</u>

- (1) Details of Directors' shareholdings are set out on page 11.
- (2) The total columns show the total emoluments for each year excluding pension payments.
- (3) John Langlands was appointed on 1 February 2017
- (4) Nicholas Martel left the Board on 1 February 2017

Approval

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

John Langlands
Chairman
25 August 2017

Principles of Corporate Governance

The Group'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. The Group has not formally adopted the Corporate Governance code.

Board Structure

The current Board structure comprises the Non-Executive Chairman, the Chief Executive, the Chief Technology Officer and one Non-Executive Director. The biographies of all serving Directors appear on page 17.

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 18. 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, comprising Non-Executive Directors, is responsible for making recommendations to the Board on the Group'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 comprised Till Medinger, Nicholas Martel (resigned 1 February 2017) and John Langlands (appointed 1 February 2017). The report on Directors' Remuneration is set out on pages 12 to 14.
- The Audit Committee's prime tasks is to review the scope of internal and external audit, to receive regular reports from Mazars 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 auditor and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditor.

The Committee, which meets at least three times per year, provides a forum for reporting by the Group's external auditor. 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 auditor of a written report detailing all relationships with the Group 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 auditor 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 Till Medinger (Chairman), Nicholas Martel (resigned 1 February 2017) and John Langlands (appointed 1 February 2017).

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; and
- 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 auditor 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 2017 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 Group 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 Group.

Private investors are encouraged to participate in the Annual General Meeting at which the CEO 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 28 September 2017. 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 9, 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.

David Traynor
Chief Executive
25 August 2017

Non-Executive Directors

John Langlands, aged 65 (Non-executive Chairman)

John was Chief Executive from 2013 to 2016 of British Polythene Industries PLC, one of the largest polythene film producers in Europe. Following a period of successful growth the BPI group was sold to RPC Group PLC in August 2016.

John had joined BPI in 1994 as Finance Director after similar roles at Eclipse Blinds plc, Scottish Enterprise and United Wire Group plc

He has served on various committees for the Institute of Chartered Accountants of Scotland, the London Metal Exchange and the Bank of England

John has an LLB from Dundee University and Qualified as a Chartered Accountant in 1976 with KPMG

Dr Till Medinger, aged 77 (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 Antikor Biopharma Limited and a Non-executive Director of Helperby Therapeutics Group Limited. He has a Doctorate in Chemistry from Oxford University.

Executive Directors

David Traynor, aged 51 (Chief Executive)

David's early career saw him spend 15 years in investment banking, working in a broad range of corporate finance roles at CS First Boston, UBS and Lehman Brothers, before moving to WhatIf Ventures, the investment arm of the innovation company WhatIf, in 2003.

At WhatIf, David specialised in commercialising new products, in markets including pensions, high street retail, fast food and industrial plastics.

Prior to becoming CEO at Byotrol plc, David ran Byotrol Consumer Products (BCP) from inception in 2007 within his partnership role at WhatIf Ventures, moving to full time early 2013. He led BCP to profitability in 2011 and then to the full acquisition by Byotrol plc in October 2013.

David has an MBA from London Business School and a BA from Oxford University.

Dr Trevor Francis, aged 67 (Chief Technology Officer)

Trevor is an ex Vice President of Global R & D at Unilever with over 28 years in the Consumer Goods industry. His multi-national experience working in various roles in Research and Development and previously in Manufacturing saw him lead a number of new innovations in Homecare that were successfully commercialized in various regions.

Trevor left Unilever in 2005 and established his own technology consultancy company. This in turn led him to work with Byotrol plc where he has worked in a number of different roles before being appointed to the Executive Board.

During 2012, Trevor was invited to attend the UK Science and Technology Select Committee review of "Bridging the valley of death: improving the commercialisation of research" and to be a Panel Member of the Royal Society's review by Sir Tim Wilson of Business-University collaboration in the UK. He has also been a Board Trustee at Liverpool School of Tropical Medicine from 2007 until earlier this year.

Trevor has a Doctorate in Applied Chemistry from Queen's University of Belfast and prior to joining Unilever as a management trainee, he carried out post-doctoral research at DWI Aachen, Germany.

Directors' Responsibilities Statement

The Directors are responsible for preparing the strategic report, 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- 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.

David Traynor
Chief Executive
25 August 2017

Independent auditor's report to the members of Byotrol Plc

We have audited the financial statements of Byotrol Plc for the year ended 31 March 2017 which comprise Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 18, 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 Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 of the parent company's affairs as at 31 March 2017 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 company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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, 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.

Tim Hudson (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St. Peter's Square
Manchester
M2 3DE

Date:

Byotrol plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2017

	Notes	2017 £	2016 £
REVENUE	1	3,127,182	2,647,923
Cost of sales	1	(1,375,553)	(1,494,198)
GROSS PROFIT		1,751,629	1,153,725
Sales and marketing costs	1	(386,032)	(429,997)
Research and development costs	1	(412,269)	(317,959)
Other administrative costs	1	(926,501)	(822,658)
OPERATING PROFIT / (LOSS) BEFORE SHARE-BASED PAYMENTS, DEPRECIATION AND AMORTISATION	2	26,827	(416,889)
Share based compensation	18	(92,722)	(52,604)
Depreciation	8	(15,504)	(39,220)
Amortisation	9	(94,204)	(77,797)
OPERATING LOSS		(175,603)	(586,510)
Finance income	5	184	1,403
Finance costs	5	(16,443)	(84,378)
Research and development (R & D) tax credits	1	65,435	136,516
LOSS BEFORE TAX		(126,427)	(532,969)
Taxation	6	-	-
LOSS FOR THE FINANCIAL YEAR		(126,427)	(532,969)
OTHER COMPREHENSIVE INCOME, NET OF TAX <i>Other comprehensive income which may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		20,520	(542)
Other comprehensive expenditure		20,520	(542)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(105,907)	(533,511)
Basic and fully diluted loss per share – pence	7	(0.05)	(0.21)

Byotrol plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

Company Registration No 05352525

	Notes	2017 £	2016 £
ASSETS			
Non-current assets			
Property, plant and equipment	8	44,067	22,422
Other intangible assets	9	690,987	565,078
		<u>735,054</u>	<u>587,500</u>
Current assets			
Inventories	11	200,795	220,318
Trade and other receivables	12	860,236	783,881
Cash and cash equivalents	13	951,088	1,017,188
		<u>2,012,119</u>	<u>2,021,387</u>
		<u>2,747,173</u>	<u>2,608,887</u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	750,074	590,724
Convertible loan notes	15	-	359,975
		<u>750,074</u>	<u>950,699</u>
Non-current liabilities			
Convertible loan notes	15	352,096	-
		<u>352,096</u>	<u>-</u>
Equity			
Share capital	21	670,129	670,129
Share premium account		22,849,284	22,849,284
Merger reserve		1,064,712	1,064,712
Translation reserve		(25,728)	(46,248)
Convertible loan note reserve		69,301	69,301
Retained deficit		(22,982,695)	(22,948,990)
		<u>1,645,003</u>	<u>1,658,188</u>
TOTAL EQUITY		<u>1,645,003</u>	<u>1,658,188</u>
TOTAL EQUITY AND LIABILITIES		<u>2,747,173</u>	<u>2,608,887</u>

These financial statements were approved by the Board of Directors and authorised for issue on 25 August 2017 and are signed on their behalf by:

David Traynor
Chief Executive

	Notes	2017 £	2016 £
ASSETS			
Non-current assets			
Other intangible assets	9	311,914	337,943
Investments in subsidiaries	10	2,597,723	2,507,408
		<u>2,909,637</u>	<u>2,845,351</u>
Current assets			
Trade and other receivables	12	281,507	789,636
Cash and cash equivalents	13	17,503	234,785
		<u>299,010</u>	<u>1,024,421</u>
TOTAL ASSETS		<u><u>3,208,647</u></u>	<u><u>3,869,772</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	146,467	191,900
Convertible loan notes	15	-	359,975
		<u>146,467</u>	<u>551,875</u>
Non-current liabilities			
Convertible loan notes	15	352,096	-
		<u>352,096</u>	<u>-</u>
Equity			
Share capital	21	670,129	670,129
Share premium account		22,849,284	22,849,284
Merger reserve		1,064,712	1,064,712
Other reserves		69,301	69,301
Shares to be issued		47,412	27,097
Retained deficit		(21,990,754)	(21,362,626)
TOTAL EQUITY		<u>2,710,084</u>	<u>3,317,897</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,208,647</u></u>	<u><u>3,869,772</u></u>

The Company reported a loss for the financial year ended 31 March 2017 of £720,850 (2016: loss of £568,680)

These financial statements were approved by the Board of Directors and authorised for issue on 25 August 2017 and are signed on their behalf by:

David Traynor
Chief Executive

Byotrol plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ending 31 March 2017

	Share capital £	Share premium £	Merger reserve £	Translation reserve £	Convertible loan note reserve £	Retained earnings reserve £	Total equity £
At as 1 April 2015	562,587	21,639,595	1,064,712	(45,706)	69,301	(22,468,625)	821,864
Loss for the year	-	-	-	-	-	(532,969)	(532,969)
Exchange differences on translation of foreign operations	-	-	-	(542)	-	-	(542)
Total comprehensive loss for the year	-	-	-	(542)	-	(532,969)	(533,511)
Share issue	107,542	1,290,504	-	-	-	-	1,398,046
Share issue costs	-	(80,815)	-	-	-	-	(80,815)
Share based payments	-	-	-	-	-	52,604	52,604
Equity as at 31 March 2016	670,129	22,849,284	1,064,712	(46,248)	69,301	(22,948,990)	1,658,188
Loss for the year	-	-	-	-	-	(126,427)	(126,427)
Exchange differences on translation of foreign operations	-	-	-	20,520	-	-	20,520
Total comprehensive loss for the year	-	-	-	20,520	-	(126,427)	(105,907)
Share based payments	-	-	-	-	-	92,722	92,722
Equity as at 31 March 2017	670,129	22,849,284	1,064,712	(25,728)	69,301	(22,982,695)	1,645,003

Byotrol plc
COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ending 31 March 2017

	Share capital	Share premium	Merger reserve	Convertible loan note reserve	Shares to be issued	Retained earnings reserve	Total
	£	£	£	£	£	£	£
As at 1 April 2015	562,587	21,639,595	1,064,712	69,301	-	(20,846,850)	2,489,345
Loss for the year	-	-	-	-	-	(568,380)	(568,380)
Total comprehensive loss for the year	-	-	-	-	-	(568,380)	(568,380)
Share issue	107,542	1,290,504	-	-	-	-	1,398,046
Share issue costs	-	(80,815)	-	-	-	-	(80,815)
Share based payments	-	-	-	-	-	52,604	52,604
Share options issued to staff	-	-	-	-	27,097	-	27,097
At 31 March 2016	670,129	22,849,284	1,064,712	69,301	27,097	(21,362,626)	3,317,897
Loss for the year	-	-	-	-	-	(720,850)	(720,850)
Total comprehensive loss for the year	-	-	-	-	-	(720,850)	(720,850)
Share based payments	-	-	-	-	-	92,722	92,722
Share options issued to employees	-	-	-	-	20,315	-	20,315
At 31 March 2017	<u>670,129</u>	<u>22,849,284</u>	<u>1,064,712</u>	<u>69,301</u>	<u>47,412</u>	<u>(21,990,754)</u>	<u>2,710,084</u>

Byotrol plc
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2017

	2017 £	2016 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(126,427)	(532,969)
Adjustments for:		
Share based payments	92,722	52,604
Depreciation	15,504	39,220
Amortisation	94,204	77,797
Loss on disposal of property, plant and equipment	139	-
Impairment of intangible asset	23,586	7,222
Finance income	(184)	(1,403)
Finance costs	16,443	84,378
Changes in working capital		
Decrease in inventories	19,523	9,704
(Increase) / decrease in trade and other receivables	(76,355)	143,009
Decrease in trade and other payables	159,350	(259,435)
CASH GENERATED FROM / USED IN OPERATING ACTIVITIES	218,505	(379,873)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(37,288)	(15,278)
Payments to acquire intangible assets	(243,699)	(139,456)
Interest received	184	1,403
NET CASH USED IN INVESTING ACTIVITIES	(280,803)	(153,331)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	-	1,398,046
Share issue costs	-	(80,815)
Interest paid	(24,322)	(53,028)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING	(24,322)	1,264,203
Net (decrease)/increase in cash and cash equivalents	(86,620)	730,999
Cash and cash equivalents at the beginning of the financial year	1,017,188	286,731
Effect of foreign exchange rate changes	20,520	(542)
Cash and cash equivalents at the end of the financial year	951,088	1,017,188

Byotrol plc
COMPANY CASH FLOW STATEMENT
for the year ended 31 March 2017

	2017 £	2016 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(720,850)	(568,380)
Adjustments for:		
Share based payments	92,722	52,604
Amortisation	69,571	64,930
Finance costs	30,121	69,350
Impairment of intangible assets	23,586	7,222
Changes in working capital		
(Increase) / Decrease in trade and other receivables	508,129	(749,789)
Increase / (Decrease) in trade and other payables	(45,433)	67,543
CASH USED IN OPERATING ACTIVITIES	<u>(42,154)</u>	<u>(1,056,520)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary	(70,000)	-
Payments to acquire intangible assets	(67,128)	(46,158)
NET CASH USED IN INVESTING ACTIVITIES	<u>(137,128)</u>	<u>(46,158)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	-	1,398,046
Share issue costs	-	(80,815)
Interest paid	(38,000)	(38,000)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING	<u>(38,000)</u>	<u>1,279,231</u>
Net (decrease) / increase in cash and cash equivalents	(217,282)	176,553
Cash & cash equivalents at the beginning of the financial year	234,785	58,232
Cash & cash equivalents at the end of the financial year	<u>17,503</u>	<u>234,785</u>

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the AIM rules, International Financial Reporting Standards ("IFRS") as adopted by the European Union that are applicable to the Group's statutory accounts for the year ended 31st March 2017 and the applicable provisions of the Companies Act 2006.

The Company is a limited liability company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The registered office address is shown on page 2. The consolidated financial information of Byotrol plc is presented in Pounds Sterling (£), which is also the functional currency of the parent. Details of the Group operations and principal activities are shown on page 9.

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.

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 £720,850 (2016: £568,380).

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 existing customers and opportunities as well as 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. These projections include assumptions around the quantum and timing of receipts from customers. 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, since the year end date the Directors raised funds of at least £4m before expenses, through a placing with new and existing shareholders, subject to shareholder approval at the General Meeting on 4th September 2017 and this has been taken into account in the projections. 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 accounting 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 Company, it is reasonable to reflect an impairment in the value of short-term loans and trading advance made to its subsidiaries by the Company. This impairment has been reflected in the financial statements of the Company. All other assets are considered to be unimpaired.

Research and development activities

The Directors have reviewed the R & D activities and have made judgements on the amount of development expenditure it is appropriate to capitalise.

The policy is that an internally-generated intangible asset arising from the Group's development expenditure is capitalised only if all of the following conditions are met:

- an asset is created that can be identified (such as new products and 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.

Intangible assets

In assessing impairment, the Directors estimate the recoverable amount of each asset based on expected future cash flows and use an interest rate to discount them. Estimation uncertainty relates to assumptions about determination of a suitable discount rate and assessment of useful life.

Revenue

In determining the trigger event for recognising licence and other revenues in accordance with the accounting policy, the Directors assess the appropriate milestones and make judgements as to the level of achievement of the contractual performance objectives.

Deferred tax recognition

The Directors consider, given the current stage of the development of the business, that deferred tax assets should not be recognised at this stage due to the unpredictability of the timing of future profit streams.

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 market based performance conditions were made based upon the best estimates of the Directors.

STANDARDS, AMENDMENTS AND INTERPRETATIONS

Standards, amendments and interpretations adopted in the year

The following new standards, amendments and interpretations became effective for the first time during the current financial year. The adoption of these new standards, amendments and interpretations were neither relevant for the Group nor the Company have not led to any significant impact on the Group's and Company's financial statements, unless otherwise stated:

IAS 1 (amendment) Presentation of Financial Statements – Disclosure Initiative

*IAS 16 (amendment) Property, Plant and Equipment and IAS 38 Intangible Assets:
Clarification of acceptable methods of depreciation*

Standards, amendments and interpretations in issue but not yet effective

At the date of the authorisation of these financial statements, the following standards, amendments and interpretations, which have not been adopted early in this financial year, were in issue but not yet effective:

- | | |
|--|----------------|
| - IFRS 9 'Financial instruments: Classification and measurement' | 1 January 2018 |
| - IFRS 16 'Leases' | 1 January 2019 |
| - IFRS 15 Revenue from Contracts with Customers | 1 January 2017 |

The Directors do not anticipate that the adoption of these standards, amendments and interpretations, with the exception of IFRS 15 and IFRS 16, in future financial periods will have a material impact on the financial statements for the Group and Company.

The possible impact of IFRS15 and IFRS16 is still being considered 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.

The Company's principal revenue streams and their respective accounting treatments are as follows:

Product Sales

Sales of goods are recognised when the goods are delivered and the material risks and rewards of ownership have been transferred to a third party (subject to any reservation of title in the event of non-payment)

Royalty income

Royalty income from licensing agreements is recognised on an accruals basis in accordance with the substance of the relevant agreement and is based on receipt from the licensee of the relevant information to enable calculation of the royalty due.

Other licensing revenues

Other licensing revenues include revenues from milestone payments and from initial up-front payments to the Company at inception of the license.

Milestone payments are sometimes made by a licensee to the Company, contingent on achieving certain specific performance objectives. These payments are recognised on achievement of such milestones if the milestones are considered substantive or, if they are not considered substantive, are recognised over the period the Company has the continuing performance objective. If milestone payments are creditable against future royalty payments, the milestone payments are deferred and released over the period in which the royalties are anticipated to be paid. Initial upfront payments are sometimes made to the Company on entering into licensing agreements. Where these payments are non-refundable and non-creditable and the payments are not linked to specific and substantive ongoing performance objectives, these revenues are recognized as consideration for entering into the agreement when due. Where initial upfront payments are potentially refundable and/or creditable and are contingent on the Company providing specific and substantive ongoing services, revenue is recognized over the duration of those services.

Other agreements

The Company also enters into other forms of agreement including development agreements and joint marketing agreements. In those circumstances, payment schedules can have characteristics similar to licensing agreements, including initial upfront payments, milestone linked payments and success fees, including royalty payments. The Company recognises revenue from such transactions using the same principles as for licensing agreements.

OPERATING SEGMENTS

Byotrol plc manufactures products based on anti-microbial technology in the United Kingdom (“UK”) and also generates revenues from licensing and joint development agreements. Its customers are based in the UK, North America and the Rest of the World. Financial information is reported to the board on three reportable segments, being Professional, Consumer and Pet with revenue and gross profits split by operating segments. Segment revenues comprise 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, 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 tax balances. 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, licence & royalty fee and other development 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.

OTHER 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 development expenditure is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as new products and 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 capitalised development expenditure during the year. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over 10 years on a straight-line basis.

In determining the amortisation policy of an intangible asset, its useful economic life in terms of years is considered. Where a finite useful economic life of an asset can be estimated, amortisation is calculated from the point to which the asset is brought into use, and charged to the income statement over its lifetime.

Patents, licenses and access to framework agreements

The costs incurred in purchasing licenses and establishing 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
Framework agreements	over the term of the agreement

Software

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

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:

Plant and machinery	20% - 50%	on straight line
Computer equipment	33.3%	on straight line

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. An impairment loss recognised on goodwill is not reversed in a subsequent period.

INVESTMENTS

Investments consist of the Group's subsidiary undertakings. 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, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and are classified accordingly in the financial statements.

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.

Compound instruments

The component parts of the compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Impairment of financial assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account.

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 AND RESEARCH AND DEVELOPMENT TAX CREDITS

Grants from the government are recognised where there is evidence that the amount of grant claimed 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.

The Group claims research and development tax credits and these credits are judged to have characteristics akin to grants. Credits are recognised to the extent there is reasonable assurance they will be received which, given the necessary claims processes, can be some time after the original expense was incurred.

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.

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

Revenue recognised in Consolidated Statement of Comprehensive Income is analysed as follows:

	2017 £	2016 £
Product sales	1,974,824	2,070,407
Royalty and licensing income	1,152,358	577,516
Revenue	<u>3,127,182</u>	<u>2,647,923</u>

The Group considers the Group's revenue lines to be split into three reportable segments; being Professional (including food service, food manufacturing, industrial and health), Consumer and Pet. This disclosure correlates with the information which is presented to the Group's Chief Decision Maker, the Board. The Group's revenue, result before taxation and net assets were all derived from its principal activities.

Segmental information is presented using Group policies.

Year ended 31 March 2017	<i>Continuing operations</i>			Total £
	Professional £	Consumer £	Pet £	
REVENUE				
United Kingdom	1,151,840	1,146,956	408,408	2,707,204
North America	25,228	5,402	-	30,630
Rest of World	3,763	-	385,585	389,348
Total revenue	<u>1,180,831</u>	<u>1,152,358</u>	<u>793,993</u>	<u>3,127,182</u>
Cost of sales	(850,699)	-	(524,854)	(1,375,553)
Gross profit	<u>330,132</u>	<u>1,152,358</u>	<u>269,139</u>	<u>1,751,629</u>

Centrally incurred income and expenditure not attributable to individual segments:

Sales and marketing costs	(386,032)
Research and development costs	(412,269)
Other administrative costs	(926,501)
Depreciation and amortisation	(109,708)
Share-based payments	(92,722)
Finance income	184
Finance costs	(16,443)
Research and development (R & D) tax credits	65,435
Loss before tax	<u>(126,427)</u>

Included within the revenues of the Professional segment is revenue of £283,466 relating to customer A (2016: £439,544) and £289,963 relating to customer B (2016: £242,939). Included within the revenues of the Consumer segment is revenue of £1,000,000 (2016: £375,000) relating to customer C. Included within the revenues of the Pet segment is revenue of £254,163 relating to customer D (2016: £360,789) and £143,985 from customer E (2016: £48,221).

1 SEGMENTAL INFORMATION (continued)

Year ended 31 March 2016	Continuing operations			Total £
	Professional £	Consumer £	Pet £	
REVENUE				
United Kingdom	1,356,233	102,155	402,294	1,860,682
North America	16,241	375,000	-	391,241
Rest of World	58,096	50,366	287,538	396,000
Total revenue	<u>1,430,570</u>	<u>527,521</u>	<u>689,832</u>	<u>2,647,923</u>
Cost of sales	<u>(1,011,313)</u>	-	<u>(482,885)</u>	<u>(1,494,198)</u>
Gross Profit	<u>419,257</u>	<u>527,521</u>	<u>206,947</u>	<u>1,153,725</u>
Central income and expenditure not attributable to individual segments:				
Sales and marketing costs				(429,997)
Research and development costs				(317,959)
Other administrative costs				(822,658)
Depreciation and amortisation				(117,017)
Share-based payments				(52,604)
Finance income				1,403
Finance costs				(84,378)
Research and development (R & D) tax credits				136,516
Loss before tax				<u>(532,969)</u>

The Group's operations are located in the United Kingdom.

The following table provides an analysis of the Group's assets and liabilities, where identifiable, by segment.

Year ended 31 March 2017	Professional £	Pet £	Consumer £	Total £
Segment current assets	877,900	654,749	479,470	2,012,119
Segment current liabilities	<u>283,230</u>	<u>190,444</u>	<u>276,400</u>	<u>750,074</u>
Year ended 31 March 2016	Professional £	Pet £	Consumer £	Total £
Segment current assets	1,229,969	491,219	300,199	2,021,387
Segment current liabilities	<u>318,991</u>	<u>153,588</u>	<u>118,145</u>	<u>590,724</u>

2 LOSS BEFORE TAX

Loss before tax is stated after charging / (crediting):

	2017 £	2016 £
Loss before tax is stated after charging / (crediting):		
Amortisation	94,204	77,797
Depreciation of property, plant and equipment	15,504	39,220
Loss on sale of property, plant and equipment	139	-
Impairment of patents	23,586	7,222
Auditor's remuneration		
- as auditor	33,500	33,000
- other services	1,500	4,500
Research & development costs	412,269	361,040
Research and development (R & D) tax credits	(65,435)	(136,516)
Stock write-off (exceptional)	-	20,000
Operating lease costs – office rent	64,446	31,018
Impairment of trade receivables	4,036	4,426
Foreign exchange differences	(19,370)	(19,680)
	<u> </u>	<u> </u>

Amounts payable to Mazars LLP and their associates (2016: Mazars LLP) in respect of both audit and non-audit services:

	2017 £	2016 £
Audit Services		
- Statutory audit of parent and consolidated financial statements	23,500	23,000
Other Services		
Audit of subsidiaries where such services are provided by Mazars LLP and their associates	10,000	10,000
Other services	1,500	4,500
	<u> </u>	<u> </u>
	<u>35,000</u>	<u>37,500</u>

3 PARTICULARS OF EMPLOYEES

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

	2017 No	2016 No
Executive Directors	2	2
Research and development	6	6
Administration and sales	9	8
	<u> </u>	<u> </u>
	<u>17</u>	<u>16</u>

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

	2017 £	2016 £
Wages and salaries	787,945	855,665
Social security costs	89,630	96,991
Other pension costs	24,869	23,585
	<u> </u>	<u> </u>
	<u>902,444</u>	<u>976,241</u>

4 DIRECTORS' EMOLUMENTS

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

	2017 £	2016 £
Emoluments receivable	245,264	230,482
Total emoluments	<u>245,264</u>	<u>230,482</u>

The emoluments of the highest paid director were:

	2017 £	2016 £
Emoluments receivable	114,597	102,482
	<u>114,597</u>	<u>102,482</u>

Number of Directors accruing benefits under money purchase scheme

	2017 Number	2016 Number
	-	-

The Directors remuneration report can be found on pages 12 to 14.

5 FINANCE (COST) / INCOME

	2017 £	2016 £
Convertible loan interest	(16,443)	(63,750)
Invoice discounting interest	-	(20,628)
Interest payable	<u>(16,443)</u>	<u>(84,378)</u>
Bank interest receivable	<u>184</u>	<u>1,403</u>

6 INCOME TAX

	2017 £	2016 £
Corporation tax at 20% (2016: 20%)	-	-
Research and development tax credits received	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

There is no tax charge as the Group has made losses in both the current and the previous year. At 31 March 2017 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £3,099,249 (2016: £3,244,693).

6 INCOME TAX (continued)

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

	2017 £	2016 £
Loss for the year	(126,427)	(532,969)
Loss on ordinary activities before tax	<u>(126,427)</u>	<u>(532,969)</u>
Tax at the UK corporation tax rate of 20% (2016: 20%)	(18,285)	(106,594)
Expenses not deductible for tax purposes	2,155	4,413
Unrecognised, unrelieved tax losses	16,130	102,181
Total tax	<u>-</u>	<u>-</u>

7 LOSS PER SHARE

	2017 £	2016 £
Loss on ordinary activities after taxation	(126,427)	(532,969)
Weighted average number of shares (No) For basic and fully diluted loss per ordinary share	268,051,565	250,699,942
Loss per ordinary share – basic and fully diluted	(0.05)p	(0.21)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 – 2017	Computer equipment £	Plant and Machinery £	Total £
Cost			
At 1 April 2016	37,978	239,995	277,973
Additions	37,288	-	37,288
Disposal	(556)	(159,566)	(160,122)
At 31 March 2017	74,710	80,429	155,139
Depreciation			
At 1 April 2016	36,584	218,967	255,551
Charge for the year	7,409	8,095	15,504
On disposal	(417)	(159,566)	(159,983)
At 31 March 2017	43,576	67,496	111,072
Net Book Value At 31 March 2017	31,134	12,933	44,067
Group – 2016	Computer equipment £	Plant and Machinery £	Total £
Cost			
At 1 April 2015	37,010	225,686	262,696
Additions	968	14,309	15,277
At 31 March 2016	37,978	239,995	277,973
Depreciation			
At 1 April 2015	35,913	180,418	216,331
Charge for the year	671	38,549	39,220
At 31 March 2016	36,584	218,967	255,551
Net Book Value At 31 March 2016	1,394	21,028	22,422

9 OTHER INTANGIBLE ASSETS

Group – 2017	Development costs £	Patents and licences £	Framework access rights £	Total £
Cost				
At 1 April 2016	246,336	675,885	-	922,221
Additions	106,571	67,128	70,000	243,699
At 31 March 2017	<u>352,907</u>	<u>743,013</u>	<u>70,000</u>	<u>1,165,920</u>
Amortisation				
At 1 April 2016	19,201	337,942	-	357,143
Charge for the year	24,634	69,570	-	94,204
Impairment	-	23,586	-	23,586
At 31 March 2017	<u>43,835</u>	<u>431,098</u>	<u>-</u>	<u>474,933</u>
Net Book Value				
At 31 March 2017	<u>309,072</u>	<u>311,915</u>	<u>70,000</u>	<u>690,987</u>

The Directors, having reviewed the Company's patent base, have concluded that due to regulatory changes within Europe's biocide industry, that certain patents are no longer of use to the business and therefore the appropriate impairment has been made.

Group – 2016	Development costs £	Patents and licences £	Framework access rights £	Total £
Cost				
At 1 April 2015	153,037	629,727	-	782,764
Additions	93,299	46,158	-	139,457
At 31 March 2016	<u>246,336</u>	<u>675,885</u>	<u>-</u>	<u>922,221</u>
Amortisation				
At 1 April 2015	6,333	265,790	-	272,123
Charge for the year	12,868	64,930	-	77,798
Impairment	-	7,222	-	7,222
At 31 March 2016	<u>19,201</u>	<u>337,942</u>	<u>-</u>	<u>357,143</u>
Net Book Value				
At 31 March 2016	<u>227,135</u>	<u>337,943</u>	<u>-</u>	<u>565,078</u>

9 OTHER INTANGIBLE ASSETS (continued)

Company	2017 Patents and Licences £	2016 Patents and Licences £
Cost		
At 1 April	675,885	629,727
Additions	67,128	46,158
At 31 March	<u>743,013</u>	<u>675,885</u>
Amortisation		
At 1 April	337,942	265,790
Charge for the year	69,571	64,930
Impairment	23,586	7,222
At 31 March	<u>431,099</u>	<u>337,942</u>
Net Book Value		
At 31 March	<u>311,914</u>	<u>337,943</u>

The intangible assets relate to the development of patents and also to the acquisition of the Byofresh licence.

All patent and licences of the Group are developed internally.

10 INVESTMENTS IN SUBSIDIARIES

COMPANY	Shares in Subsidiary Undertakings 2017 £	Shares in Subsidiary Undertakings 2016 £
At 1 April	2,507,408	2,480,311
Acquisition of subsidiary	70,000	-
Additions relating to share options issued to employees	20,315	27,097
At 31 March	<u>2,597,723</u>	<u>2,507,408</u>

On 17 March 2017, the Company acquired the entire share capital of Winchpharma (Consumer Healthcare) Limited for an initial cash consideration of £70,000. The only assets of Winchpharma (Consumer Healthcare) Limited were two framework agreements to supply hand sanitising and surface disinfection products to one customer. The entire fair value of the consideration has been attributed to these framework agreements and this intangible asset will be amortised over the remaining term of the agreement.

As noted in note 20, deferred consideration for the acquisition of the company totalling £44,000 may become payable on renewal of the framework agreements.

Details of all subsidiary undertakings included in the consolidated financial statements are as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business	Address
Byotrol Technology Limited	England	Ord SC	100%	Anti-microbial products	Ince, Cheshire
Byotrol Inc	United States	Ord SC	100%	Anti-microbial products	SC, USA
Byotrol Consumer Products	England	Ord SC	100%	Anti-microbial products	Ince, Cheshire
Winchpharma (Consumer Healthcare)	England	Ord SC	100%	Anti-microbial products	Ince, Cheshire

11 INVENTORIES

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Raw materials and consumables	44,110	36,124	-	-
Finished goods and goods for resale	156,685	184,194	-	-
	<u>200,795</u>	<u>220,318</u>	<u>-</u>	<u>-</u>

Included above are inventories of £ Nil (2016: £ Nil) carried at net realisable value.

The cost of Inventories expensed, included in the Consolidated Statement of Comprehensive Income as Cost of Sales is £1,213,497 (2016: £1,286,833).

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

12 TRADE AND OTHER RECEIVABLES

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade receivables	639,909	486,143	-	-
Tax repayable	-	-	8,118	24,307
Amount owed by group undertakings	-	-	247,514	723,508
Other receivables	102,237	212,419	7,263	7,263
Prepayments and accrued income	118,090	85,319	18,612	34,558
	<u>860,236</u>	<u>783,881</u>	<u>281,507</u>	<u>789,636</u>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group had 75 days of revenue outstanding in trade receivables as at 31 March 2017 (2016: 67 days). Included within trade receivables is £217,981 (2016: £98,711) denominated in US dollars and £NIL (2016: £13,371) denominated in Euros.

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 £4,036 (2016: £30,285) 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 two major customers whose year end balances totalled £166,842 (2016: £137,428). The majority of the exposure is spread over a number of counterparties and customers.

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Impairment brought forward	30,285	25,859	-	-
Amounts written off	(26,249)	-	-	-
Amounts recovered	-	(23,525)	-	-
Impairment charge	-	27,951	-	-
Impairment carried forward	<u>4,036</u>	<u>30,285</u>	<u>-</u>	<u>-</u>

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

2017	Debt age – "days overdue"						Total
	Current	0-30 Days	31-60 Days	61-90 Days	91-120 days	Over 120 Days	
Not impaired	255,862	118,334	75,279	48,113	77,149	65,172	639,909
Impaired	-	-	-	-	-	4,036	4,036
Trade receivables Value (£)	<u>255,862</u>	<u>118,334</u>	<u>75,279</u>	<u>48,113</u>	<u>77,149</u>	<u>69,208</u>	<u>643,945</u>
%	<u>40</u>	<u>18</u>	<u>12</u>	<u>7</u>	<u>12</u>	<u>11</u>	<u>100</u>

12 TRADE AND OTHER RECEIVABLES (continued)

2016	Current	0-30 Days	31-60 Days	61-90 Days	91-120 days	Over 120 days	Total
Not impaired	294,214	51,882	70,203	6,134	162	63,548	486,143
Impaired	-	-	-	-	-	30,285	30,285
Trade receivables Value (£)	294,214	51,882	70,203	6,134	162	93,833	516,428
%	61	10	15	1	0	13	100

External trade receivables are generally on 30 to 90 day terms and are not considered to carry any significant risk of impairment as at the year end date.

As at 31 March 2017 there was £102,315 (2016: £191,929) worth of trade receivables overdue but not impaired.

13 CASH AND CASH EQUIVALENTS

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

Cash held by the Group is with government supported UK based banks £934,406 (2016: £1,004,407) and a limited amount £16,682 (2016: £12,781) with one US bank. All amounts held by the Company are with government supported UK based banks.

14 TRADE AND OTHER PAYABLES

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Current:				
Trade payables	448,944	369,899	85,677	132,885
Invoice discounting facility	-	73,716	-	-
Other taxes	216,077	31,437	9,670	8,615
Accruals and deferred income	85,053	115,672	51,120	50,400
	<u>750,074</u>	<u>590,724</u>	<u>146,467</u>	<u>191,900</u>

In both the Group and Company, the carrying amount of trade and other payables approximates to their fair values.

Included in trade payables is £32,742 (2016: £23,305) denominated in US dollars and £9,174 (2016: £6,693) denominated in Euros.

14 TRADE AND OTHER PAYABLES (continued)

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

2017	Payables age – “days past due” at balance sheet date						Total
	Current	0-30 Days	31-60 Days	61-90 Days	91-120 days	Over 120 Days	
Trade payables value (£)	286,971	126,052	16,609	3,759	15,553	-	448,944
%	64	28	4	1	3	-	100
Invoice discounting facility	-	-	-	-	-	-	-
Convertible loan notes	352,096	-	-	-	-	-	352,096
2016	Current	0-30 Days	31-60 Days	61-90 Days	91-120 days	Over 120 Days	Total
Trade payables value (£)	212,045	130,577	11,583	9,916	-	5,778	369,899
%	57	35	3	3	-	2	100
Invoice discounting facility	73,716	-	-	-	-	-	73,716
Convertible loan notes	359,975	-	-	-	-	-	359,975

15 CONVERTIBLE LOAN NOTES

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Current:				
Convertible loan notes	352,096	359,975	352,096	359,975

The Company issued 380 10% convertible bonds of £1,000 each, totalling a value of £380,000 on 20th December 2013. The bonds were originally due to mature three years from the issue date at their nominal value of £380,000 or to be converted into shares at the holder's option at any time up to the maturity date at the rate of 18,315 shares per £1,000. The values of the liability component and the equity conversion component were determined at the issuance of the bond.

The fair value of the liability component was calculated using a market interest rate that would be available to the Company for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in other reserves.

On 30 September 2016, the Noteholders agreed to rollover the maturity of the Loan Notes, which was originally set at three years, being the 20 December 2016 and agreed that the Loan Notes be extended by a further two years, resulting in a total term of the Loan Notes of five years. All other terms remained the same.

15 CONVERTIBLE LOAN NOTES (continued)

The convertible bond recognised in the balance sheet is calculated as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Proceeds of issue of convertible loan note	380,000	380,000	380,000	380,000
Equity component	(69,301)	(69,301)	(69,301)	(69,301)
Liability component at date of issue	310,699	310,699	310,699	310,699
Interest charged cumulative	164,897	125,276	164,897	125,276
Interest paid cumulative	(123,500)	(76,000)	(123,500)	(76,000)
Liability component at 31 March	352,096	359,975	352,096	359,975

At 31 March 2017, the carrying value of the liability component of the convertible loan note is considered to approximate its fair value.

The Board has decided to redeem the outstanding £380k Convertible Loan Notes and the expectation is that the noteholders will elect to convert into shares as the conversion price is likely to be below the prevailing share price on the completion date.

16 FINANCIAL INSTRUMENTS

Details of the methods adopted for the categorisation and measurement of financial assets and liabilities are set out in the accounting policies.

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. A sensitivity analysis of the Group's foreign exchange exposure is not presented as the risk is considered to be insignificant.

Interest rate risk

The Group's principal interest-bearing financial instrument is the convertible loan note (note 15). This instrument requires interest to be paid at a fixed rate of 10% per annum. The Group is also exposed to minimal interest rate risk arising on cash and cash equivalent balances and bank loans and overdrafts in the prior year. The Group does not consider that it is significantly exposed to interest rate risk, either in the current or prior year, and therefore an interest rate sensitivity analysis is not presented.

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.

Liquidity risk

All of the Group's financial instruments have been classified as current. The Group's ability and approach to manage its liquidity position is set out in its going concern accounting policy.

17 COMMITMENTS UNDER OPERATING LEASES

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts due:				
Within one year	75,656	65,137	75,656	65,137
In second to fifth years inclusive	1,901	77,558	1,901	77,558
More than five years	-	-	-	-
	<u>77,557</u>	<u>142,695</u>	<u>77,557</u>	<u>142,695</u>

Operating lease payments represent rentals payable by the Group and the Company for its office property, laboratory facilities and office equipment. The office property and laboratory lease was originally negotiated for a term of two years on 1 March 2016 and the office equipment is for a term of five years. The office property and laboratory facilities can be terminated before the end of the term with a three-month notice period.

18 SHARE BASED PAYMENTS

The Company has granted equity settled share options to certain directors and employees. The exercise price is equal to or more than market value of the shares at the date of grant. The vesting period is one year or greater except in relation to the options granted to John Langlands on 1 February 2017 which vested immediately. 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:

	2017		2016	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of year	26,762,500	6.45	24,722,500	7.10
Share options granted during the year	8,100,000	4.125	4,300,000	3.50
Share options lapsed during the year	(1,330,000)	18.86	(2,260,000)	8.06
Outstanding at the end of the year	<u>33,532,500</u>	<u>5.40</u>	<u>26,762,500</u>	<u>6.45</u>

The number of options exercisable at 31 March 2017 is 2,700,000 (2016: 1,680,000).

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

	2017 £	2016 £
Charged to Consolidated Statement of Comprehensive Income	<u>92,722</u>	<u>52,604</u>

The fair value of options granted under the employee option schemes is measured using the Black-Scholes model.

18 SHARE BASED PAYMENTS (continued)

	New Grants EMI Scheme	Executive Scheme
Grant date	14 October 2016	1 February 2017
Share price at grant date	4.12p	4.12p
Exercise price	4.125p	4.125p
Number of employees	7	-
Share options granted	5,400,000	2,700,000
Vesting period (years)	1	-
Expected volatility	39.5%	39.5%
Option life (years)	10	4
Expected life (years)	9	4
Risk free rate	0.79	0.79
Expected dividends expressed as a dividend yield	-	-
Fair value per option	1.14p	1.14p

The options outstanding at 31 March 2017 had a weighted average exercise price of 5.40 p (2016: 5.90p) and a weighted average remaining contractual life of 6.1 years (2016: 5.7 years).

The aggregate of the estimated fair values of the options granted in the year is £334,125 (2016: £ 333,250).

At 31 March 2017 there were options outstanding over 33,532,500 (2016: 26,762,500) ordinary shares of 0.25p each which are exercisable at prices in the range from 3.5p to 42.5p under the company's various share option schemes exercisable at various times until 14 April 2025.

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.

19 RELATED PARTY TRANSACTIONS

Directors

Fees for Directors' services are set out in the Directors' Remuneration Report and in Note 4 to the financial statements.

Fees for Mr Martel are paid to Martel Northern Limited and amounted to £20,000 (2016: £24,000). Expenses are paid direct to Mr Martel and amounted to £2,546 (2016: £5,607). The amounts outstanding at the year end totalled £2,000 (2016: £6,000). Convertible loan note interest for Mr Martel (non-beneficial) is paid to Maunby Nominees and amounted to £4,164 (2016: £5,000).

Fees for Dr Medinger are paid to Medinger Associates and amounted to £24,000 (2016: £24,000). Expenses are paid direct to Dr Medinger and amounted to £2,000 (2016: £2,354). The amounts outstanding at the year end totalled £8,000 (2016: £12,000). Convertible loan note interest for Dr Medinger is paid direct to Dr Medinger and amounted to £3,427 (2016: £3,000).

Expenses are paid direct to Dr Francis and amounted to £6,361 (2016: £3,994). The amounts outstanding at the year end totalled £582 (2016: £NIL). Convertible loan note interest for Dr Francis is paid direct to Dr Francis and amounted to £1,742 (2016: £NIL).

Expenses are paid direct to David Traynor and amounted to £716 (2016: £918). The amounts outstanding at the year end totalled £NIL (2016: £NIL). Convertible loan note interest for David Traynor is paid direct to Mr Traynor and amounted to £2,809 (2016: £5,000).

Expenses are paid direct to John Langlands and amounted to £NIL. The amounts outstanding at the year end totalled £NIL.

19 RELATED PARTY TRANSACTIONS (continued)

Key management personnel

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

	2017	2016
	£	£
Short term benefits	245,264	230,482
Share based payments	37,408	25,507
Total	<u>282,672</u>	<u>255,989</u>

20 CONTINGENT LIABILITIES

During the reporting period, the Group acquired 100% of the entire share capital of Winchpharma (Consumer Healthcare) Limited for an initial cash consideration of £70,000, specifically to acquire the framework agreements with the NHS Business Services Authority.

Deferred consideration of up to £44,000 will be payable in cash if the framework agreements are renewed in 2018 for a further two years. No provision has been made in these financial statements as the Group's Directors do not consider that there is yet sufficient evidence to treat contract extension as probable rather than possible.

21 SHARE CAPITAL

	2017	2016
Authorised: 375,057,945 (2016: 375,057,945) Ordinary shares of 0.25p each	<u>937,645</u>	<u>937,645</u>

The Ordinary Shares have full equal voting rights, equal participation in dividends, equal participation in distribution on winding up with no redemption rights.

	No	£
Issued and fully paid Ordinary Shares (par value 0.25 pence):		
At 1 April 2016	268,051,565	670,129
Shares issued		
At 31 March 2017	<u>268,051,565</u>	<u>670,129</u>

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.

The Group has no long-term gearing ratio target as it believes that it currently does not have sufficient assets to secure meaningful levels of funding.

21 SHARE CAPITAL (continued)

Reserves

The nature and purpose of each of the reserves included within equity is as follows:

- Share capital represents the nominal value of ordinary shares issued and fully paid.
- Share premium represents the excess of funds raised from the placing 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.
- The translation reserve represents the cumulative gains and losses on the translation of the Group's net investment in its overseas subsidiary.
- The convertible loan note reserve is the equity component for the convertible loan notes issued by the Group, see note 15.
- Retained deficit represent accumulated losses to date.
- Shares to be issued reserves reflects the value of shares in the company that may be issued on future exercise of share options.

22 ULTIMATE CONTROLLING PARTY

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

23 POST BALANCE SHEET EVENTS

In the period since the reporting date, Byotrol PLC, has conditionally raised £4,271,480 before expenses, by placing for cash of 103,787,000 new ordinary shares of 0.25 pence each at 4 pence per share and a subscription for cash of 3,000,000 new ordinary shares of 0.25 pence each at 4 pence per share. An open offer is also available to existing shareholders up to a maximum of £1.1 million. The estimated expenses related to the issue are approximately £0.3M. Shareholders are required to approve the resolutions enabling the placing, subscription and open offer at a General Meeting to be held on 4 September 2017.

The Board has decided to redeem the outstanding £380,000 convertible loan notes and the expectation is that the noteholders will elect to convert into shares as the conversion price is likely to be below the prevailing share price on the completion date. The redemption process is expected to complete in early September 2017.