Byotrol plc

FINANCIAL STATEMENTS

for the year ended

31 March 2016

Company Number: 05352525

CONTENTS

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David Thomas Traynor (Chief Executive Officer)
Till Medinger (Non-executive Director)
Trevor Francis (Chief Technology Officer)

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What is Byotrol?

Put simply: we are THE experts in long lasting and safe anti-microbial chemistry. A bold statement and one that is worth examining in detail. At this point let me emphasise that you will not see such a statement in our technical or commercial writings. The words that I have chosen, as within my statement generally and as always when talking to shareholders, are layman’s words. Within our industry we would use vocabulary such as performance, efficacy, validation, protected claims, value proposition and positioning to name but a few. Words such as “safe” and “gentle” are not in our lexicon. You would be right to assume that I am not an industry practitioner and I am going to assume that most of my readers are not either, so please forgive me if I stick to my use of a layman’s turn of phrase and rest assured that our Executive Directors would never let me talk in such terms to our clients or partners.

Nobody else, that we have met or heard of, can match our combination of safety and long lasting effectiveness. These are two very important attributes in a world where differentiation is the order of the day. Of course there are plenty of chemicals that will kill bugs for a long period of time but generally the rule is that the more effective they are then the more harm that they will cause to you and me. Byotrol’s expertise and unique claims are centred on formulations that are effective and long lasting whilst at the same time being gentle and safe.

Our formulations are gentle to humans, and to pets for that matter. Dangerous or unpleasant chemicals in my mind have no place in the home and are a concern in the workplace for that matter, and this is where our gentle formulations come out so favourably. If you are in any doubt about the benefits that we can bring to the home and the workplace, may I suggest that you try this simple experiment. Apply an alcohol based hand sanitiser ten times a day for a week and experience first-hand (excuse the pun) the problem of chapped hands that nurses have to contend with. Anecdotally we have been told that the NHS has to buy more hand cream than ever to counteract this problem. To complete the experiment, use Byotrol Hand Sanitiser for a week. The comparison will speak for itself. We hope that the NHS and other hospitals around the world will come to adopt alcohol free hand sanitisation as standard and there are signs of interest but old habits do change slowly in this environment.

Amongst the many thousands of chemical companies in the world, we are claiming to be the leaders, and possibly the only true experts, in the niche of ‘long lasting and gentle’. Our opinion is backed by some very large companies around the world who want to co-operate with us and also by the excellent progress that we have made towards passing the Environmental Protection Agency’s (EPA’s) stringent tests. We are not aware of any government test in any country that is more challenging

Reading this report, you might have thought that my opening remarks applied to our scientific lead in the UK or maybe Europe but from the list of our current and future partners which I will set out later, I hope it is becoming apparent that we are the leaders worldwide in our chosen field.

What we were

Over the past 10 years our unique selling point has not always been in great demand for the uses that were anticipated. For sure we have some very keen customers who trust us with their reputation to ensure absolute safety in their work or at home. We had thought that this was revolutionary and would be welcomed but frankly Byotrol was born about 10 years too early and adoption was slow.

Long lasting anti-microbial products were a novel concept for many consumers but I am pleased to say that the trend is now firmly in our favour. This is not just our opinion from a closeted position within our own laboratories. Our clients have conducted their own independent market research and as a result are keen to partner with us and put their resources behind our technology. They are voting with their chequebooks.

Where we are going

Our products are now fully compliant with the recent EU Regulatory changes and Byotrol is moving strongly into the commercialisation stage. We are a small company with less than 20 people and our budget is finite, so we are carrying out this stage in partnership with companies that have the appropriate resources, the expertise and the market reach. In doing so, we have to share the profit but the prize is many times what we could hope to manage on our own and comes sooner too.

I must emphasise that we are not just a technology company, outsourcing our products for others to sell. Our Executive Directors and management team have significant marketing and commercialisation expertise. Having these skills in-house greatly helps us to do the right deal with the right partner in each of our chosen markets, and to act as equals in negotiating the deals and in their execution. We punch way above our weight.

And the list of deals is getting longer every month. In February we updated the market on our progress and several of the deals that were under discussion at the time have now come to fruition, as described more fully in the CEO report.

Not all initiatives will end up with the magic inked signatures. For example, our efforts to introduce our surface products into the NHS are still not coming to fruition, although we are making encouraging headway with our hand sanitisers.

Last year we introduced our shareholders to our "Friday Afternoon" project which is a new hand sanitiser that complies with the latest EU Regulations. It showed great promise so we applied for a patent and talked to potential customers. The feedback was so good that this is now a priority for us and I am delighted that you can see a project happening almost in real time. We are booking revenue already and are currently applying for our second patent and further developing the technology.

There are two points that have come out of this exercise that our management would like me to highlight. The first is that our customers are talking more and more about non-alcohol hand sanitisers and we therefore have very good reason to believe that this will give us a favourable tail wind. The second point is that we have gone from concept to customer in a very quick time and at a very reasonable cost and this has been achieved against a backdrop of meeting all of our expectations in our other areas too, where there were defined project briefs. You may remember from last year that this particular product came about from the free thinking that we encourage in our laboratory and we considered it a very interesting extra bonus at the time. Now it is very much a part of our mainstream activity. The downside for our technical team is that we now strongly discourage them from going home early on Fridays.

Being a small company with rather large aspirations does mean that we will have to focus on our most promising income streams. Some of our historic areas of concentration, especially within Professional must be considered as candidates either for sale or for alliances/joint ventures with third parties.

The upcoming Biocide Regulations (BPR) requirements will be demanding of our resources too and it does make sense to concentrate on our biggest bets. Complying with the new regime might very well dictate that we can realistically support no more than 3 technology platforms.

Leaving aside our legacy businesses, we have 3 big opportunities for the future. These are 1) our consumer surface care formula currently going through the EPA process; 2) our EU compliant consumer-targeted surface care formulation which we are marketing in conjunction with Solvay SA and 3) our new hand sanitiser. Each of these has the capability of being a large standalone business. Having three strings to our bow is a wonderful position to be in.

In each of the areas that I have highlighted above, we have an identifiable lead over competitors and this lead is likely to be maintained for some time. With our EPA claims we will be the only company in America to be able to make the long lasting claim for consumer products. With our Solvay formula we are compliant with all EU regulations and have superior cleaning claims. With our hand sanitiser we are also compliant with new EU regulations and will be one of only a very small number of suppliers of non-alcohol hand sanitisers in this country and many others.

Value and judgement

Our focus may be on the future but we continue to be judged to some extent by the financial results of the past. Our results do show a reduced loss from a year ago. Progress has been made but our historic markets are difficult and the regulatory changes have thrown up extra costs and absorbed management time and effort. Also a quality problem in our wipes supply chain that was specific to our old and now superseded wipes formulation at the end of their production run has not helped either. Amongst this struggle we have to plan for the future.

My own view of our Company is that the future is all important and I would value the Company on that basis. This is very much the opposite of the view that past performance is a reliable indicator of future results. The past may be a good indicator of how the management have coped with an extremely difficult transition but actually the results say very little about our future prospects. It is akin to valuing a graduate on his future earnings capability rather than on the cost of his tuition. With this in mind I ask that you pay very close attention to our comments on the future and come and ask for more and yet more detail at our AGM.

Management and the Board

The Board of Directors is four strong which we have considered appropriate for a company of our size. We have elected for a balance between having a spread of expertise and keeping the overhead to a minimum. We are not paid generously (one shareholder last year suggested we should pay ourselves better!) but all Directors including the Non-Executives have been awarded Options which incentivise us to work for the benefit of the Company's Shareholders and employees. The Board all together, rather like turkeys wondering if they should be voting for Christmas, have to carefully consider our own skills and suitability for the next stage. The Company will be quite different in a year's time and it is right and proper that we equip the Board accordingly.

Currently we are actively spreading our net looking for new Non-Executives. We are not looking for the usual suspects of accountants, financiers or retired Company men, but rather those leaders who have been successful in a similar field before, or know how to commercialise technology and to sell innovative products to either business or consumer customers. It can be difficult for a small company such as us to attract the right people but the stature of those that I have spoken to recently is a sign of just how interesting they regard our future prospects. I might add that if any shareholder reading this has a recommendation for a suitable Non-Executive then I am very happy to hear from them.

Brexit

After considerable thought, we see no change in any respect other than the currency fluctuations which, as an exporter, are currently in our favour. At some point in more than two years' time, the UK may or may not adopt different chemical regulations, but the regulations may change in any of our markets over that period of time and we are adept at managing change. The short answer is that for us it is very much business as usual.

AGM and Shareholders

I do encourage you to come and see us at our AGM. Last year we had some very searching questions and received some excellent free advice from experienced shareholders. We welcome the two-way communication and hope for even more questions this year. After 2 years of holding the AGM in our offices, which is definitely our preference, we have decided to hold this year's meeting in London in order to encourage those southern shareholders who would like to come but would otherwise be discouraged by the journey north.

In summary

If you take away only one message after reading this Chairman's Statement, then I would want you to appreciate that the past sales for Byotrol have been heavily weighted towards us selling directly to commercial customers, whereas we see our future as gaining several income streams from alliances with larger companies, some in commercial sectors but increasingly in the consumer markets, and also from an increasing geographical footprint. We are very optimistic about our future and I hope that you are too.

Nicholas Martel
Chairman

14th August 2016

I am pleased to report that we have delivered to plan this year; our technical base has continued to strengthen, gross margins are still improving and we have added further alliances and partners to aid us in distribution and technical development.

This has all been achieved without a rise in costs and against a background of continued regulatory change, particularly in the food manufacturing industry.

Financial Overview

Our results show our 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.

Financial highlights include:

- Gross profit marginally increased to £1,154k on turnover of £2,648k (compared to turnover of £3,251k in the previous year)
- Narrowed EBITDA loss of £469k (£449k before exceptionals) versus £526k the previous year
- Sharply narrowed loss after tax of £532k (after all exceptionals and tax credits) versus a loss of £749k the previous year
- Cash and cash equivalents of over £1m, compared to £287k in the prior year

Markets

Professional

Year on year revenues fell to £1,431k from £2,021k and gross profit to £419k from £562k.

This was a challenging year for our professional business, particularly in the food manufacturing industry, where new EU rules aimed at reducing biocide and pesticide build-ups in the food chain have now been introduced. The industry has been forced to limit the use of quaternary ammonium compounds in food contact areas, which is one of the core ingredients of our formulations until recently (as it was for many of the chemical suppliers to the industry). We have at substantial cost reformulated our products and have now received the key industry accreditation – M&S approval - to support our sales programme. However, the outlook for this business is still uncertain as (1) sales fell substantially during the interregnum and (2) it is not yet clear whether our product offer is going to be competitive in price and performance terms.

Food service continues to perform satisfactorily, despite heavy price competition. We still have an issue of scale compared to our competitors, including a narrow product and service offer, but the efficacy of our formulations – especially wipes - is such that we continue to make progress in these markets from our small base.

Sales into industrial markets remain steady, particularly into and around washroom areas, both in hand hygiene and surface care products. We are expecting to expand our activities in these areas in the future.

We have now completed trials of our surface care products in the NHS, in alliance with ISS; and the results have been positive in comparison to existing products used in the NHS. However, we have learnt that we still need longer term, more detailed data, ideally including clinical studies to generate the size of contracts needed to justify the sales effort. The Board has now decided to postpone any further effort in healthcare – our limited resources can generate a better return elsewhere.

A main area of focus in the future will be the commercialisation of our newly-developed (and patented) hand hygiene formulations that, unlike first-generation Byotrol hand products, will meet the new and stringent standards of the BPR. This initiative has led to two new alliances, namely:

- A 5-year exclusive license on hand sanitising products with the Japanese pharmaceutical company KYORIN Pharmaceutical Co., Ltd, the core subsidiary of the Japanese healthcare group KYORIN, which reports annual sales in excess of Yen100bn. This agreement is aimed at product launches in the Japanese professional medical care market in late 2016 with the consumer market to follow thereafter.
- A short development contract in long-lasting hand sanitisers with Rentokil Initial plc to support their Ultraprotect range of products in (mostly) European countries, which, assuming successful test results, will then become a 3-year license agreement. This is a newly-developed formulation.

Petcare

Year on year revenues fell in the year to £690k from £938k and gross profit to £207k from £293k.

The first half of the year was hurt by one of our key customers going through a period of de-stocking, all as reported in our interims statement. Sales since that point to said customer have not returned to previous levels, although there has been a marginal increase in H2 and indeed a further increase since year end

Towards the end of the year, we were pleased to sign up a new licensee in continental Europe for our new BPR-ready surface care products. The licensee, Beaphar NA, headquartered in Holland is one of Europe's premier petcare brands. We are very pleased to be in alliance with such a successful European business.

We have also made progress in pet grooming in continental EU, with a new customer HCP (France) now distributing our products in the French veterinary market.

Sales into our key retail customer Pets@Home remained strong in the year, as did exports to agents and customers in Japan, Singapore and France.

Consumer

This business segment is almost all licensing-based and is starting to perform very well. Year on year revenues - and hence gross profit - increased substantially in the year, from £292k to £528k.

The consumer segment has been making excellent progress on all fronts in the year under review, and also in the period immediately following the year end

- In June 2015 we completed a 10 year joint marketing and development agreement with Solvay Novecare, a world leader in specialty polymers and surfactants with an annual turnover in excess of Euro 2 billion and a subsidiary of the listed international chemical group Solvay SA ("Solvay"). This agreement was then further expanded in late July 2016. It is built upon the joint development of anti-microbials for surface care, combining the best of Byotrol's long-lasting antimicrobial formulations and Solvay's world-leading polymer and surfactant technologies. The Company has already completed (and patented) one such product for the EU consumer market and is actively marketing it jointly with Solvay to customers. Following the subsequent deal expansion, Byotrol is now pooling technical, commercial and sales resource with Solvay Novecare in targeting products at the worldwide consumer market and some professional markets. The two parties will then be sharing gross profit from any jointly produced products, at a percent split that varies depending on market and product type. As part of the agreement Solvay is making a substantial payment to Byotrol for the rights involved.
- Our surface care formulations in the US continue to make excellent progress in the technical tests required for formal EPA approval. We now expect to file the completed regulatory technical dossier in October this year. This formulation sits outside our agreement with Solvay and is already generating considerable commercial interest in the US.

The year also saw continued healthy sales of our disinfecting trigger sprays in Tesco (via an ongoing license with Robert Mcbride plc), boosted by Tesco's refocus on its private label ranges.

Boots hand sanitisers, powered by Byotrol, are also selling well. Indeed our hand sanitising products are in general generating a healthy following – including amongst international sports teams and well-known sporting organisations, especially in cycling teams. It is a source of pride that such high profile organisations and individuals are using our products, though also a source of frustration that we are not allowed to publicise it without substantial sponsorship payments to the organisations involved.

Our license in floor cleaning products in Nigeria, with PZ Cussons, has now matured and is not being renewed – market conditions for such products in Nigeria are not strong.

Technology and Regulatory Environment

Much of Byotrol's technical programme is driven by the need to stay in-line and ahead of the EU regulators as well as keeping the differentiated properties of our core technologies. Our main technical efforts are in the following areas:

- Some of our key ingredients continue to come under increasing pressure on their use, as our competitors are also experiencing. This has been managed by identifying new ways to deliver our anti-microbial residual performance on surfaces and hands – and patents are being filed as a result.

- In our Professional (foods) business where another key ingredient has been captured by separate legislation that took the whole industry by surprise and which is now being challenged by the industry, albeit somewhat late.
- Preparing for the ever-closer BPR and the submission of dossiers to support our products
- Against this backdrop, over the last 2 years, the tech team has completely revamped our formulations to be EU compliant and we are now in the market seeking commercial opportunities across different sectors
- The test method that Byotrol developed to measure residual anti-microbial efficacy with the support of British Standards Institute (BSI), is now on the agenda to seek approval at the EU's European Test Committee level (WG3), with our Senior Microbiologist co-opted on to the committee.
- Real progress has continued to be made with our formulation in tests under US EPA conditions and a viable product is now close to reality.
- Outside of our mainstream technical programme, we continue to probe innovation opportunities in peripheral activities such as seaweed and other alternative substances that might enhance our technical capability into the future

Financing

As reported fully in our interims statement, we completed a £1.3m (net of expenses) equity financing in September 2015 to strengthen the Company's balance sheet and to invest in the main strategic initiatives. The financing also allowed the Company to pay down an expensive invoice discounting facility and invest in a new financing/operations system, including a new IT server.

Thornton Science Park

In January the Company moved from Daresbury to the Thornton Science Park, just north of Chester. The site was until 2013 the Shell Technology Centre and was then acquired by the University of Chester.

We are delighted with our new state-of-the-art facilities, which includes best in class laboratories and workshops, all at very good value to the Company, plus ample room for expansion. We are also benefitting from links with the university, including with academics (especially microbiology and mathematical modelling) and students (research work and laboratory manpower); it all adds to our positioning as a technology company.

Outlook

We are now having some success in turning our low-margin, product sale business into a higher margin technology company. We will continue on this path, targeting development contracts and licensing fees for our technologies, particularly with global or super-regional companies with the resources to distribute and promote the resulting products.

The good news is that the markets in which we operate are huge, in the US$ billions – and growing (we estimate global growth in antibacterial products of over 3% per annum) and consumers and business users will continue to need protection from harmful microbes. But suppliers and manufacturers in our industry are being increasingly controlled by expensive and complex regulations, so the barriers to entry are substantial.

As we progress, it is likely our income may appear a little lumpy, dependent on occasional, large one-off payments until we reach sustainable profitability through regular royalties and profit-shares. The Board is therefore balancing a continued investment programme against a need to show regular improvement in our financial condition. We believe we are managing this relatively well at present (3 years ago Byotrol reported a net loss of £1.7m on turnover of £2.1m and very low cash reserves). We have come a long way since then – the financial outlook for FYE 2017 is already looking very promising, with substantial (already notified) cash-generating contracts already in place and to be fully reflected in our H2 results in particular. We are very confident about our future.

David Traynor
Chief Executive
14th August 2016

The Directors present their strategic report for Byotrol plc for the year ended 31 March 2016

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 £2.64M (2015: £3.25M) and gross margin for the year is 44% (2015: 35%). 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 marginally increased to £1,154k on turnover of £2,648k (compared to turnover of £3,251k in the previous year)
- Narrowed EBITDA loss of £469k (£449k before exceptionals) versus £526k the previous year
- Sharply narrowed loss after tax of £532k (after all exceptionals and tax credits) versus a loss of £749k the previous year
- Cash and cash equivalents of over £1mn, compared to £287k in the prior year

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 company'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 and liquidity risks

The Group's principal financial assets comprise cash and bank, 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 2016, the Group had cash and bank balances of £1,017,188. 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 and verbal assurances from shareholders, 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
14th August 2015

Principal activities

The Group's and the Company'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 2016 attributable to ordinary shareholders amounts to £532,969 (2015: £748,660), and is dealt with as shown in the consolidated statement of comprehensive income. The Directors do not recommend the payment of an ordinary final dividend.

Review of the business

A review of the business and the future developments of the Group are presented in the Chairman's Statement on pages 3 to 5 and the Chief Executive's Report on pages 6 to 8.

Fund raising

During the year the Company raised £1.398m, £1.317m net of expenses, through a placing with existing shareholders.

Going concern

Byotrol plc has prepared financial statements on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements, and therefore continue as a going concern, is dependent upon the Group being able to generate recurring and sustainable revenues and free cash flow from 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 and also assume that the convertible bond which falls due in December 2016 will convert or be re-financed. 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.

In the event that the Group is unable to achieve its forecast cash inflows including the possible re-financing of the convertible loan notes, 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 2016 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 31 to 37.

Post year end

There are no post balance sheet events to report.

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 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 8 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. 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 appraised of important issues within the Group.

Directors

The Directors during the year were:

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

Non - executive Directors
Nicholas C G Martel
Till Medinger

The retiring director is Nicholas Martel who will offer himself for election at the Annual General Meeting. The Annual General Meeting will be held at 10.00 on 22 September 2016 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 2016 and their interests, including family interests, in the share capital, were as follows:

	31 March 2016 Ordinary Shares	*At date of appointment or 31 March 2015 Ordinary Shares*
Nicholas Martel	18,627,362 *	20,693,513*
David Traynor	4,850,514	4,696,668
Till Medinger	1,164,367	1,010,521
Trevor Francis	1,110,358	956,513

* of the above shareholding, 16,527,362 shares (2015: 18,693,513 shares) are held non-beneficially.

Between the year end and 14th August 2016 there have been no share dealings by Directors.

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 14th August 2016:

	Number of Shares	*% of Ordinary Shares*
Ruffer Investment Management	56,886,303	21.22
Maunby Investment Management	23,571,710	8.80
Walker Crips	22,295,836	8.32
Bricon Byotrol	14,599,038	5.45
Fiske	14,382,083	5.37
What If Holdings	13,689,569	5.11
C Wallace	10,000,000	3.73
Hargreaves Lansdown	8,547,106	3.19

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 2016 (2015: 67 days).

Awareness of relevant audit information

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

Auditors

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

By order of the Board

David Traynor
Chief Executive
14th August 2016

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 Nicholas Martel 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. One change was made to the basic salary package and bonus arrangement of David Traynor during the financial year being reported.

Basic salary

Basic salary is reviewed annually with increases taking effect from 1 April. In this financial year, an interim review of the Chief Executive Officer took place and an increase took effect from 1 January 2016. 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 2016 nor for the year ended 31 March 2015.

Share options

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

	Number of shares	Exercise Price	Exercise period
Enterprise Management Scheme			
David Traynor	1,200,000	3.5p	3 December 2016 to 3 June 2023
Trevor Francis	600,000	3.5p	3 December 2016 to 3 June 2023

The options granted at 3.5p are subject to the following performance conditions:

- 40 per cent of the granted options will be exercisable once the Company's share price has reached 5 pence per share and remained so for 30 consecutive days. These options are exercisable between 3 December 2016 and 3 June 2018.
- 30 per cent of the granted options will be exercisable once the Company's share price has reached 7.5 pence per share and remained so for 30 consecutive days. These options are exercisable between 3 December 2016 and 3 June 2021.
- 30 per cent of the granted options will be exercisable once the Company's share price has reached 10 pence per share and remained so for 30 consecutive days. These options are exercisable between 3 December 2016 and 3 June 2023.

Pension arrangements

The Chief Executive Officer is entitled to have a percentage of his basic salary paid to a pension scheme of their choice and is entitled to receive a 10% salary contribution from the company.

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.

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

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2016 £	2015 £
Emoluments	229,000	170,918
Money purchase pension contributions	-	-
	229,000	170,918

Individual Directors' remuneration

The remuneration of the Directors for the year ended 31 March 2016 is as follows:

	Basic salary and fees	Bonuses	Other benefits	Total 2016	Pension 2016	Total 2015	Pension 2015
	£	£	£	£	£	£	£
Executive Directors							
David Traynor	101,000	-	1,482	102,482	-	96,251	-
Trevor Francis	80,000	-	-	80,000	-	26,667	-
Non-Executive Directors							
Till Medinger	24,000	-	-	24,000	-	24,000	-
Nicholas Martel	24,000	-	-	24,000	-	24,000	-
	229,000	-	1,482	230,482	-	170,918	-

(1) Details of Directors' shareholdings are set out on page 13.

(2) The total columns show the total emoluments for each year excluding pension payments.

Approval

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

Nicholas Martel
Chairman
14th August 2016

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 19.

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 20. 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 and Nicholas Martel. The report on Directors' Remuneration is set out on pages 14 to 16.
- The Audit Committee's prime tasks are 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 auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors.

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

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

- a review of the non-audit services provided to the Group and related fees;
- discussion with the auditors of a written report detailing all relationships with the 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 auditors that, in their professional judgment, they are independent.

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

The Committee members are all the Non-Executive Directors and comprised Till Medinger (Chairman) and Nicholas Martel.

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

There are no significant issues disclosed in the report and financial statements for the year ended 31 March 2016 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 Chairman presents a review of the results and comments on current business activity. The Chairmen of the Audit and Remuneration Committees will be available at the Annual General Meeting to answer any shareholder questions.

The Annual General Meeting will be held on 22 September 2016. 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 11, 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
14th August 2016

Non-Executive Directors

Nicholas Martel, aged 55 (Non-executive Chairman)

Nicholas Martel is a Chartered Engineer and spent 20 years in the Oil and Gas Construction sector before focusing on Investing, which includes nurturing fledgling businesses, quoted equities, bonds and option trading. He has run two Funds based in the Isle of Man.

Recent companies that Nicholas has invested in or advised have been involved in Oil and Gas, Medical Diagnostics, Food and Technology. He has also advised two of these Companies during restructuring.

Till Medinger, aged 76 (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 Datapharm Communications Ltd and Helperby Therapeutics Group Limited. He has a Doctorate in Chemistry from Oxford University.

Executive Directors

David Traynor, aged 50 (Chief Executive)

David's early career saw him spend 16 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.

Trevor Francis, aged 65 (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 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 since 2007.

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.

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
14th August 2016

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 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company 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 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 web-site 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 2016 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 matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Timothy Hudson (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP
The Lexicon
Mount Street
Manchester
M2 5NT

Date:

	Notes	2016 £	2015 £
REVENUE	1	2,647,923	3,251,512
Cost of sales	1	(1,494,198)	(2,103,783)
GROSS PROFIT		1,153,725	1,147,729
Administrative expenses excluding depreciation and amortisation	1	(1,570,614)	(1,565,254)
Share based compensation	18	(52,604)	(107,750)
LOSS BEFORE INTEREST, DEPRECIATION, AMORTISATION AND TAX	2	(469,493)	(525,725)
Amortisation	9	(77,797)	(66,787)
Depreciation	8	(39,220)	(73,357)
Finance income	5	1,403	966
Finance costs	5	(84,378)	(84,207)
Research and development (R & D) tax credits	1	136,516	-
LOSS BEFORE TAX		(532,969)	(748,660)
Taxation	6	-	-
LOSS FOR THE FINANCIAL YEAR		(532,969)	(748,660)
OTHER COMPREHENSIVE INCOME,NET OF TAX			
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(542)	(3,284)
Other comprehensive expenditure		(542)	(3,284)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(533,511)	(751,944)
Basic and fully diluted loss per share – pence	7	(0.21)	(0.35)

Company Registration No 05352525

	Notes	2016 £	2015 £
ASSETS			
Non-current assets			
Property, plant and equipment	8	22,422	46,364
Other intangible assets	9	565,078	510,641
		587,500	557,005
Current assets			
Inventories	11	220,318	230,022
Trade and other receivables	12	783,881	926,890
Cash and cash equivalents	13	1,017,188	286,731
		2,021,387	1,443,643
		2,608,887	2,000,648
LIABILITIES			
Current liabilities			
Trade and other payables	14	590,724	850,159
Convertible loan notes	15	359,975	-
		950,699	850,159
Non-current liabilities			
Convertible loan notes	15	-	328,625
		-	328,625
Equity			
Share capital	20	670,129	562,587
Share premium account		22,849,284	21,639,595
Merger reserve		1,064,712	1,064,712
Translation reserve		(46,248)	(45,706)
Convertible loan note reserve		69,301	69,301
Retained deficit		(22,948,990)	(22,468,625)
TOTAL EQUITY		1,658,188	821,864
TOTAL EQUITY AND LIABILITIES		2,608,887	2,000,648

These financial statements were approved by the Board of Directors and authorised for issue on 14th August 2016 and are signed on their behalf by:

David Traynor
Chief Executive

Company Registration No 05352525

	Notes	2016 £	2015 £
ASSETS			
Non-current assets			
Other intangible assets	9	337,943	363,937
Investments in subsidiaries	10	2,507,408	2,480,311
		2,845,351	2,844,248
Current assets			
Trade and other receivables	12	789,636	39,847
Cash and cash equivalents	13	234,785	58,232
		1,024,421	98,079
TOTAL ASSETS		3,869,772	2,942,327
LIABILITIES			
Current liabilities			
Trade and other payables	14	191,900	124,357
Convertible loan notes	15	359,975	-
		551,875	124,357
Non-current liabilities			
Convertible loan notes	15	-	328,625
		-	328,625
Equity			
Share capital	20	670,129	562,587
Share premium account		22,849,284	21,639,595
Merger reserve		1,064,712	1,064,712
Other reserves		69,301	69,301
Shares to be issued		27,097	-
Retained deficit		(21,362,626)	(20,846,850)
TOTAL EQUITY		3,317,897	2,489,345
TOTAL EQUITY AND LIABILITIES		3,869,772	2,942,327

These financial statements were approved by the Board of Directors and authorised for issue on 14th August 2016 and are signed on their behalf by:

David Traynor
Chief Executive

	Share capital £	Share premium £	Merger reserve £	Translation reserve £	Convertible loan note reserve £	Retained earnings reserve £	Total equity £
At as 1 April 2014	458,420	20,586,758	1,064,712	(42,422)	69,301	(21,827,715)	309,054
Loss for the year	-	-	-	-	-	(748,660)	(748,660)
Exchange differences on translation of foreign operations	-	-	-	(3,284)	-	-	(3,284)
Total comprehensive loss for the year	-	-	-	(3,284)	-	(748,660)	(751,944)
Share issue	104,167	1,145,833	-	-	-	-	1,250,000
Share issue costs	-	(92,996)	-	-	-	-	(92,996)
Share based payments	-	-	-	-	-	107,750	107,750
Equity as at 31 March 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

Byotrol plc
COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ending 31 March 2016

	Share capital	Share premium	Merger reserve	Convertible loan note reserve	Shares to be issued	Retained earnings reserve	Total
	£	£	£	£	£	£	£
As at 1 April 2014	458,420	20,586,758	1,064,712	69,301	-	(19,875,520)	2,303,671
Loss for the year	-	-	-	-	-	(1,079,080)	(1,079,080)
Total comprehensive loss for the year	-	-	-	-	-	(1,079,080)	(1,079,080)
Share issue	104,167	1,145,833	-	-	-	-	1,250,000
Share issue costs	-	(92,996)	-	-	-	-	(92,996)
Share based payments					-	107,750	107,750
At 31 March 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 employees					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

	2016 £	2015 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(532,969)	(748,660)
Adjustments for:		
Share based payments	52,604	107,750
Depreciation	39,220	73,357
Amortisation	77,797	66,787
Impairment of intangible asset	7,222	-
Finance income	(1,403)	(966)
Finance costs	84,378	84,207
Changes in working capital		
Decrease in inventories	9,704	48,329
(Increase) / decrease in trade and other receivables	143,009	(164,777)
Decrease in trade and other payables	(259,435)	(256,013)
CASH USED IN OPERATING ACTIVITIES	(379,873)	(789,986)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(15,278)	(1,041)
Payments to acquire intangible assets	(139,456)	(113,581)
Interest received	1,403	966
NET CASH USED IN INVESTING ACTIVITIES	(153,331)	(113,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	1,398,046	1,250,000
Share issue costs	(80,815)	(92,996)
Interest paid	(53,028)	(65,152)
NET CASH INFLOW FROM FINANCING	1,264,203	1,091,852
Net increase/(decrease) in cash and cash equivalents	730,999	188,210
Cash and cash equivalents at the beginning of the financial year	286,731	98,521
Effect of foreign exchange rate changes	(542)	-
Cash and cash equivalents at the end of the financial year	1,017,188	286,731

	2016 £	2015 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(568,380)	(1,079,080)
Adjustments for:		
Share based payments	52,604	48,991
Amortisation	64,930	60,454
Finance costs	69,350	55,926
Impairment of intangible assets	7,222	-
Impairment of funding provided to subsidiaries	-	413,707
Changes in working capital		
(Increase) / Decrease in trade and other receivables	(749,789)	(9,148)
Increase / (Decrease) in trade and other payables	67,543	(151,693)
CASH USED IN OPERATING ACTIVITIES	(1,056,520)	(660,843)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in subsidiary in relation to share based payments	-	58,759
Payments to acquire intangible assets	(46,158)	(44,981)
NET CASH USED IN / GENERATED BY INVESTING ACTIVITIES	(46,158)	13,778
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	1,398,046	1,250,000
Share issue costs	(80,815)	(92,996)
Interest paid	(38,000)	(38,000)
Financing provided to subsidiaries	-	(413,707)
NET CASH INFLOW FROM FINANCING	1,279,231	705,297
Net increase/(decrease) in cash and cash equivalents	176,553	58,232
Cash & cash equivalents at the beginning of the financial year	58,232	-
Cash & cash equivalents at the end of the financial year	234,785	58,232

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 2016 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 11.

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 £568,380 (2015: £1,079,080).

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 and also assume that the convertible loan notes which fall due in December 2016 will convert or be re-financed. 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.

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

Impairment of assets

In line with the 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.

Intangible assets

In assessing impairment, the Directors estimate the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about determination of a suitable discount rate and assessment of useful life. An asset has been regarded by the Group as having an indefinite useful life, based on an analysis of relevant factors by management there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group.

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, 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:

Annual Improvements of IFRS (2010-2013) and (2010-2014)

IFRIC 21 'Levies'

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:

- *IAS 19 (amendment) 'Employee Benefits', Defined benefit plans, employee contributions*	*1 July 2014*
- *IAS 1 (amendment) Presentation of Financial Statements – Disclosure initiative*	*1 January 2016*
- *IAS 16 (amendment) 'Property, Plant and Equipment', IAS 38 (amendment) 'Intangible Assets', Clarification of acceptable methods of depreciation and amortisation*	*1 January 2016*
- *IFRS 9 'Financial instruments: Classification and measurement'*	*To be determined*
- *IFRS 16 'Leases'*	*1 January 2019*

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

- *IFRS 15 Revenue from Contracts with Customers*	*1 January 2017*

The possible impacts of IFRS15 are 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 recognized 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 recognized 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 operating 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 and licenses

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

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:

Leasehold improvements	33.3%	on straight line
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.

C**ash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand 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.

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:

	2016 £	2015 £
Product sales	2,070,407	2,931,805
Royalty and licensing income	577,516	314,707
Other revenue	-	5,000
Revenue	2,647,923	3,246,512

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.

	Continuing operations			
Year ended 31 March 2016	Professional £	Consumer £	Pet £	Total £
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	1,430,570	527,521	689,832	2,647,923
Cost of sales	(1,011,313)	-	(482,885)	(1,494,198)
Gross profit	419,257	527,521	206,947	1,153,725
Centrally incurred income and expenditure not attributable to individual segments:				
Administrative costs				(1,570,614)
Depreciation and amortisation				(117,018)
Share-based payments				(52,604)
Finance income				1,403
Finance costs				(84,378)
Research and development (R & D) tax credits				136,517
Loss before tax				(532,969)

Included within the revenues of the Professional segment is revenue of £439,544 relating to customer A (2015: £NIL) and £242,939 relating to customer B (2015: £343,536). Included within the revenues of the Pet segment is revenue of £360,789 relating to customer C (2015: £372,368) and £89,115 from customer D (2015: £71,211).

1 SEGMENTAL INFORMATION (continued)

	Continuing operations			
Year ended 31 March 2015	Professional £	Consumer £	Pet £	Total £
REVENUE				
United Kingdom	1,811,812	226,009	716,194	2,754,015
North America	50,550	-	-	50,550
Rest of World	159,033	65,756	222,158	446,947
Total revenue	2,021,395	291,765	938,352	3,251,512
Cost of sales	(1,458,870)	-	(644,913)	(2,103,783)
Gross Profit	562,525	291,765	293,439	1,147,729
Central income and expenditure not attributable to individual segments:				
Administrative costs				(1,565,254)
Depreciation and amortisation				(140,144)
Share-based payments				(107,750)
Finance income				966
Finance costs				(84,207)
Loss before tax				(748,660)

Geographical segments

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 2016	Professional £	Pet £	Consumer £	Total £
External revenue	1,430,570	689,832	527,521	2,647,923
Segment current assets	1,229,969	491,219	300,199	2,021,387
Segment current liabilities	318,991	153,588	118,145	590,724

Year ended 31 March 2015	Professional £	Pet £	Consumer £	Total £
External revenue	2,021,395	938,352	291,765	3,251,512
Segment current assets	909,163	425,254	109,226	1,443,643
Segment current liabilities	527,098	246,546	76,515,	850,159

2 LOSS BEFORE TAX

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

	2016	2015
	£	£
Loss before tax is stated after charging / (crediting):		
Amortisation	77,798	66,786
Depreciation of property, plant and equipment	39,220	73,358
(Profit) / Loss on sale of property, plant and equipment	-	(1,042)
Auditor's remuneration		
- as auditor	23,000	22,500
- other services	14,500	13,000
Research & development costs	361,040	351,474
Research and development (R & D) tax credits	136,516	-
Stock write-off (exceptional)	20,000	-
Operating lease costs – office rent	31,018	40,796
Impairment of trade receivables	4,426	-
Foreign exchange differences	(19,680)	(23,741)

During the period there was a quality issue in the supply chain of our wipes business which involved a write-off of damaged stock which could not be recovered from suppliers or insurers with this classed as an exceptional item within cost of sales.

Amounts payable to Mazars LLP and their associates (2015: Mazars LLP) in respect of both audit and non-audit services:

	2016	2015
	£	£
Audit Services		
- Statutory audit of parent and consolidated financial statements	23,000	22,500
Other Services		
Audit of subsidiaries where such services are provided by Mazars LLP and their associates	10,000	10,000
Other services	4,500	3,000
	37,500	38,950

3 PARTICULARS OF EMPLOYEES

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

	2016	2015
	No	No
Executive Directors	2	2
Research and development	6	6
Administration and sales	8	10
	16	18

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

	2016	2015
	£	£
Wages and salaries	855,665	731,527
Social security costs	96,991	75,806
Other pension costs	23,585	25,559
	976,241	832,892

4 DIRECTORS' EMOLUMENTS

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

	2016	2015
	£	£
Emoluments receivable	229,000	170,919
Total emoluments	229,000	170,919

The emoluments of the highest paid director were:

	2016	2015
	£	£
Emoluments receivable	101,000	95,000
	101,000	95,000

Number of Directors accruing benefits under money purchase scheme

2016	2015
Number	Number
-	-

The Directors remuneration report can be found on pages 14 to 16.

5 FINANCE (COST) / INCOME

	2016	2015
	£	£
Loan interest	-	(6,375)
Convertible loan interest	(63,750)	(57,055)
Invoice discounting interest	(20,628)	(20,777)
Interest payable	(84,378)	(84,207)
Bank interest receivable	1,403	966

6 INCOME TAX

	2016	2015
	£	£
Corporation tax at 20% (2015: 21%)	-	-
Research and development tax credits received	-	-
Adjustment in respect of prior periods	-	-
Total current tax	-	-
Deferred tax	-	-
	-	-

There is no tax charge as the Group has made losses in both the current and the previous year. At 31 March 2016 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £3,768,667 (2015: £3,666,486).

6 INCOME TAX (continued)

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

	2016 £	2015 £
Loss for the year	(532,969)	(748,660)
Income tax credit		-
Loss on ordinary activities before tax	(532,969)	(748,660)
Tax at the UK corporation tax rate of 20% (2015: 21%)	(106,594)	(157,218)
Expenses not deductible for tax purposes	4,413	1,205
Unrecognised, unrelieved tax losses	102,181	156,013
Total tax	-	-

7 LOSS PER SHARE

	2016 £	2015 £
Loss on ordinary activities after taxation	(532,969)	(748,660)
Weighted average number of shares (No) For basic and fully diluted loss per ordinary share	250,699,942	211,450,294
Loss per ordinary share – basic and fully diluted	(0.21)p	(0.35)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 – 2016	Leasehold Improvements £	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 2015	-	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		1,394	21,028	22,422
At 31 March 2016	-			

Group – 2015	Leasehold Improvements £	Computer equipment £	Plant and Machinery £	Total £
Cost				
At 1 April 2014	22,647	64,711	282,964	370,322
Additions	-	1,041	-	1,041
Disposals	(22,647)	(28,742)	(57,278)	(108,667)
At 31 March 2015	-	37,010	225,686	262,696
Depreciation				
At 1 April 2014	22,647	62,440	166,555	251,642
Charge for the year	-	2,217	71,140	73,357
On disposals	(22,647)	(28,742)	(57,278)	(108,667)
At 31 March 2015	-	35,915	180,417	216,332
Net Book Value				
At 31 March 2015	-	1,095	45,269	46,364

9 OTHER INTANGIBLE ASSETS

Group – 2016	Development costs £	Patents and licences £	Total £
Cost			
At 1 April 2015	153,037	629,727	782,764
Additions	93,299	46,158	139,457
At 31 March 2016	246,336	675,885	922,221
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	19,201	337,942	357,143
Net Book Value			
At 31 March 2016	227,135	337,943	565,078

The Directors, having reviewed the Company's patent base, have concluded that all patents are still of use in the business and therefore no impairment has been made.

Group – 2015	Development costs	Software intangibles £	Patents and licences £	Total £
Cost				
At 1 April 2014	84,437	42,946	584,746	712,129
Additions	68,600	-	44,981	113,581
Disposals	-	(42,946)	-	(42,946)
At 31 March 2015	153,037	-	629,727	782,764
Amortisation				
At 1 April 2014	-	42,946	205,336	248,282
Charge for the year	6,333	-	60,454	66,787
On disposals	-	(42,946)	-	(42,946)
At 31 March 2015	6,333	-	265,790	272,123
Net Book Value				
At 31 March 2015	146,704	-	363,937	510,641

9 OTHER INTANGIBLE ASSETS (continued)

Company	2016 Patents and Licences £	2015 Patents and licences £
Cost		
At 1 April	629,727	584,746
Additions	46,158	44,981
At 31 March	675,885	629,727
Amortisation		
At 1 April	265,790	205,336
Charge for the year	64,930	60,454
On disposals	(7,222)	-
At 31 March	337,942	265,790
Net Book Value		
At 31 March	337,943	363,937

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

10 INVESTMENTS IN SUBSIDIARIES

COMPANY	Shares in Subsidiary Undertakings 2016 £	Shares in Subsidiary Undertakings 2015 £
At 1 April 2015	2,480,311	2,480,311
Additions relating to share options issued to employees	27,097	58,759
Impairment	-	(58,759)
At 31 March 2016	2,507,408	2,480,311

In the prior year, the Company determined that, due to the trading losses incurred by the subsidiaries of the Company, it was reasonable to reflect an impairment in the value of short term loans and trading advances made to its subsidiaries by the Company.

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
Byotrol Technology Limited	England	Ordinary share capital	100%	Anti-microbial products
Byotrol Inc	United States	Ordinary share capital	100%	Anti-microbial products
Byotrol Consumer Products	England	Ordinary share capital	100%	Anti-microbial products

11 INVENTORIES

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Raw materials and consumables	36,124	76,147	-	-
Finished goods and goods for resale	184,194	153,875	-	-
	220,318	230,022	-	-

Included above are inventories of £ Nil (2015: £ Nil) carried at net realisable value. During the year, there was a quality issue in the supply chain of our wipes business which resulted in an unrecovered write-off of damaged stock of £20,000.

The cost of Inventories expensed, included in the Consolidated Statement of Comprehensive Income as Cost of Sales is £1,286,833 (2015: £1,788,823).

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

12 TRADE AND OTHER RECEIVABLES

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade receivables	486,143	697,492	-	-
Tax repayable	-	-	24,307	10,251
Amount owed by group undertakings	-	-	723,508	-
Other receivables	212,419	16,409	7,263	7,263
Prepayments and accrued income	85,319	212,989	34,558	22,333
	781,881	926,890	789,636	39,847

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group had 67days of revenue outstanding in trade receivables as at 31 March 2016 (2015: 53 days). Included within trade receivables is £98,711 (2015: £51,497) denominated in US dollars and £13,371 (2015: £NIL) 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 £30,285 (2015: £25,859) 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 £137,428 (2014: £219,638). The majority of the exposure is spread over a number of counterparties and customers.

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Impairment brought forward	25,859	75,780	-	-
Amounts written off	-	(49,921)	-	-
Amounts recovered	(23,525)	-	-	-
Impairment charge	27,951	-	-	-
Impairment carried forward	30,285	25,859	-	-

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

Debt age – "days overdue"

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

12 TRADE AND OTHER RECEIVABLES (continued)

2015	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 days	Total
Not impaired	430,479	91,029	107,677	26,766	29,462	12,079	697,492
Impaired	-	-	-	-	-	25,859	25,859
Trade receivables Value (£)	430,479	91,029	107,677	26,766	29,462	37,938	723,351
%	62	13	15	4	4	2	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 2016 there was £191,929 (2015: £175,984) 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 £1,004,407 (2015: £273,574) and a limited amount £12,781 (2015: £13,156) with one US bank. All amounts held by the Company are with government supported UK based banks.

14 TRADE AND OTHER PAYABLES

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Current:				
Trade payables	369,899	497,326	132,885	34,317
Invoice discounting facility	73,716	157,266	-	-
Other payables	-	-	-	1,849
Other taxes	31,437	72,536	8,615	15,381
Accruals and deferred income	115,672	123,031	50,400	72,810
	590,724	850,159	191,900	124,357

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

Included in trade payables is £23,305 (2015: £32,951) denominated in US dollars and £6,693 (2015:£NIL) denominated in Euros.

Byotrol Technology Limited, a 100% subsidiary, is party to an invoice discounting arrangement. The invoice discounting facility is secured by a fixed charge debenture on the assets of the Byotrol Technology Limited. Byotrol plc has provided a cross guarantee to Byotrol Technology Limited to support the invoice discounting facility. This arrangement ceased on 28th April 2016.

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:

Payables age – "days past due" at balance sheet date

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	0	5,778	369,899
%	57	35	3	3	0	2	100
Invoice discounting facility	73,716	-	-	-	-	-	73,716
Convertible loan notes	359,975	-	-	-	-	-	359,975

2015	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 Days	Total
Trade payables value (£)	92,460	350,038	45,403	3,688	0	5,737	497,326
%	18	71	9	1	0	1	100
Invoice discounting facility	157,266	-	-	-	-	-	157,266
Convertible loan notes	328,625	-	-	-	-	-	328,625

15 BORROWINGS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Current:				
Convertible loan notes	359,975	-	359,975	-
Non-current:				
Convertible loan notes	-	328,625		328,625

The Company issued 380 10% convertible bonds of £1,000 each, totalling a value of £380,000 on 20th December 2013. The bonds mature three years from the issue date at their nominal value of £380,000 or can 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.

15 BORROWINGS (continued)

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
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	125,276	55,926	125,276	55,926
Interest paid cumulative	(76,000)	(38,000)	(76,000)	(38,000)
Liability component at 31 March	359,975	328,625	359,975	328,625

At 31 March 2016, the carrying value of the liability component of the convertible loan note is considered to approximate its fair value.

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 with the exception of its convertible loan note which is repayable (if not converted) within the following three years. 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 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts due:				
Within one year	65,137	55,456	65,137	-
In second to fifth years inclusive	77,558	-	77,558	-
More than five years	-	-	-	-
	142,695	55,456	142,695	-

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 is negotiated for a term of two years 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 two years. If the options remain unexercised after a period of ten years from the date of grant the options expire.

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

	2016		2015	
	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	24,722,500	7.10	8,210,000	14.40
Share options granted during the year	4,300,000	3.50	16,662,500	3.50
Share options lapsed during the year	(2,260,000)	8.06	(150,000)	3.50
Outstanding at the end of the year	26,762,500	6.45	24,722,500	7.10

The number of options exercisable at 31 March 2016 is 1,680,000 (2015: 2,240,000).

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

	2016 £	2015 £
Charged to Consolidated Statement of Comprehensive Income	52,604	107,750

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
Grant date	3 December 2015
Share price at grant date	3.25p
Exercise price	3.5p
Number of employees	7
Share options granted	4,050,000
Vesting period (years)	1
Expected volatility	43.7%
Option life (years)	10
Expected life (years)	7
Risk free rate	1.06
Expected dividends expressed as a dividend yield	0
Fair value per option	1.42p

The options outstanding at 31 March 2016 had a weighted average exercise price of 5.90 p (2015: 7.10p) and a weighted average remaining contractual life of 5.7 years (2015: 7.8 years).

The aggregate of the estimated fair values of the options granted in the year is £333,250 (2015: £ 333,250).

At 31 March 2016 there were options outstanding over 26,762,500 (2015: 24,722,500) ordinary shares of 0.25p each which are exercisable at prices in the range from 3.5p to 79.5p under the company's various share option schemes exercisable at various times until 3 June 2023.

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 £24,000 (2015: £24,000). Expenses are paid direct to Mr Martel and amounted to £5,607 (2015: £NIL). The amounts outstanding at the year end totalled £6,000 (2015: £18,000). Convertible loan note interest for Mr Martel (non-beneficial) is paid to Maunby Nominees and amounted to £5,000 (2015: £5,000).

Fees for Dr Medinger are paid to Medinger Associates and amounted to £24,000 (2015: £24,000). Expenses are paid direct to Dr Medinger and amounted to £2,354 (2015: £NIL). The amounts outstanding at the year end totalled £12,000 (2015: £30,000). Convertible loan note interest for Dr Medinger is paid direct to Dr Medinger and amounted to £3,000 (2015: £3,000).

Expenses are paid direct to Dr Francis and amounted to £3,994 (2015: £1,026). The amounts outstanding at the year end totalled £NIL (2015: £3,150).

Expenses are paid direct to David Traynor and amounted to £918 (2015: £NIL). The amounts outstanding at the year end totalled £NIL (2015: £NIL). Convertible loan note interest for David Traynor is paid direct to Mr Traynor and amounted to £5,000 (2015: £5,000).

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:

	2016	2015
	£	£
Short term benefits	230,482	170,918
Share based payments	25,507	49,587
Total	255,989	220,505

20 SHARE CAPITAL

	2016	2015
Authorised:		
375,057,945 (2015: 375,057,945) Ordinary shares of 0.25p each	937,645	937,645

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 2015	225,034,769	562,587
Shares issued	43,016,796	107,543
At 31 March 2016	268,051,565	670,130

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 has no assets on which to secure funding.

20 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.

21 ULTIMATE CONTROLLING PARTY

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