



Byotrol plc
FINANCIAL STATEMENTS
for the year ended
31 March 2015

Company Number: 05352525

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Directors

Nicholas Charles Giffard Martel (Non-executive Chairman)
David Thomas Traynor (Chief Executive Officer)
Till Medinger (Non-executive Director)
Trevor Francis (Chief Technology Officer)

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After a busy year which included a merger and a share placing, I might be expected to say that we have concentrated only on rationalisation and consolidation while we sort out legacy issues, invest the money and prepare ourselves for the future. I am pleased to say that we have had no such year at Byotrol.

We have indeed completed the rationalisation and reshaping of the combined Company, but we have spent just as much energy on our sales effort. An increase in like-for-like sales of 20% would normally be commendable enough but this was achieved against the backdrop of incredible upheaval in the European Regulations which govern the use of our products particularly in the food industry in the UK.

Matching our endeavours in sales was our effort in product development. The new regulations come with the burden of having to change the chemistry and labelling of most of our products. This is expensive, time-consuming and distracting. I am pleased to report that nearly all of the changes are now implemented, and I fully expect this to benefit our revenues.

When looking at Byotrol's 2014/2015 figures, we can apply a little arithmetic in order to assess our outlook. After excluding the technology costs we are at about the breakeven point. I choose to look at the technical spend as an investment for the future income stream that it should produce and on this basis, we are for the first time looking like a company that has come of age. In the next year our technical spend should be lower, or will at least be partly covered by Joint Development Agreements with partners and our revenues should continue to increase. The trajectory is visibly in the right direction.

Our changing landscape

Despite the huge regulatory cost which has now been expended, the overall effect is not necessarily negative. We consider that we are now ahead of our competitors in several areas. This technical advance should stand us in good stead and our knowledge and experience means that our customers are increasingly talking to us as the experts to listen to. Along with that dialogue comes a greater degree of trust, hopefully followed by sales.

Another possible advantage of the changes is that there will be several competitors out there who may not be able to afford to comply with the new regime or who are late or incapable of effecting change. The immediate advantage is obvious and we are ready to win new business from our competitors.

Our main focus is on growing the existing business organically and reaching overall profitability. However it is only prudent to keep an eye on the full range of commercial options including partnerships with other companies or absorbing them. We have the skills in-house and the recent experience of merging with BCP, which delivered huge benefit to our shareholders.

Current Areas of focus

A fortuitous outcome from our efforts in developing new formulations is that we have improved the cleaning capability of our consumer liquids. Whereas our previous focus was on the anti-bacterial properties, we now have a world class product with superior cleaning properties, developed in conjunction with the international chemical group Solvay, which is also now supporting us in the commercialisation effort.

We encourage our scientific team to think with an inventive mind and occasionally a "Friday afternoon" idea turns out to be commercially interesting. It is important for the technical effort to be focused on meeting the demands of the business, but creative minds need to be, well, creative. An interest in the Company, the current market place and commercial reality does need to be occasionally balanced by some blue sky thinking. Just such an event has led to a new skin treatment product that has shown so much promise that we have applied for a patent. This product will have applications within our existing business for hand sanitisation, but will also have applications for health and medical purposes that are outside our core business. For those areas we will be seeking out partners to commercialise this new addition to our range.

Last year we pointed to our Consumer division being an area of greater importance and this is an important step in that direction. As before, we point out that development work is slow and the outcome is uncertain, but when the income rolls in it is likely to be very significant.

New projects that have got underway recently include the partnership with ISS and I expect this pattern to continue. ISS enables us to access the NHS in a way that we simply cannot do on our own. It makes sense for a small company such as Byotrol to tie up with larger partners in this way and it is a credit to our team that they have the talent to forge such relationships.

We also hope to develop partnerships for our Environmental Protection Agency ("EPA") approved project in USA, to complement our existing agreement with Advanced Hygienics and several early stage discussions are underway.

Headwinds and Tailwinds

A Chairman is usually expected to talk about his Company in glowing terms and point out all of the many possible ways in which we are going to make more profit in the years to come. I am happy to do the same and would not be here unless I believed that our future was very promising. I would add that the Board, senior executives and indeed all of our employees share the same outlook.

I would like to take a little time just to balance the enthusiasm with some of the counter arguments. As shareholders you want to be able to accurately assess the value of your shares and an appreciation of the risks is important. Moreover you would probably feel happier if you knew that your Directors appreciated the risks inherent in running their particular business and that they are capable and prepared to tackle the problems.

I do remember a very sensible newspaper article by a well known entrepreneur that listed the 50 things that a CEO had to worry about on any given day and these apply to every business. No point in me listing such worries here, but the more interesting question is "what are the special risks that we face and what do we do about them in order to mitigate these risks?"

We have not been shy in pointing out our main worry which is Regulation. It was the topic of some discussion last year and is not likely to go away any time soon. We work in the food and health industries, both of which are highly regulated. The purpose of the regulations is to protect the consumer, and by and large this is effective. However, chemicals periodically fall out of favour, and not always for entirely scientific reasons. It is sometimes a matter of opinion which becomes noise which becomes concern which becomes interference from on high. We have little redress but have to accept the changes and the costs that come our way.

For us to remain in business, we have to adapt. When I first invested in Byotrol, I had imagined that it was such a safe product that we would not need to make changes for years to come, but I had not allowed for the European Union swaying of scientific opinion. It could happen again and we need to maintain a high level of technical expertise to stay ahead of the game. I am confident that our technical expertise is second to none in our chosen area.

The health industry is slow to make decisions. Mostly this conservative approach serves us well but when better products are introduced the delay in implementation is frustrating. Just having a better product is not enough, there is a really hard act to do in selling anything new to the health industry. We came to the conclusion that we are just too small to get traction here, and thus our partnership with ISS, which we hope to see develop significantly over the coming years.

Our customers require technical advice but do not pay for it. A simple fact of life, but a very onerous part of the bargain and it reduces our margins. This is especially true of the food preparation industry where a new or speciality chemical supplier such as ourselves has to provide the technical support for one chemical without having the revenues from a host of other basic chemicals to subsidise the effort. We have looked at supplying the full spectrum of chemicals but wish to remain focused on our speciality for now.

We are a small company. There are several aspects to this but I will touch on two important areas. Firstly, the costs of the senior management team and AIM listing are borne by a small sales figure, inevitably reducing our profitability. Secondly, small upsets can have a disproportionate effect. This might be from one client postponing his order, a supply problem for one product, or any one of the imaginable extraneous things that happen many times over to any business in the course of a year. We just do not have much slack to deal with these issues. Our

defence against the unexpected has been our very adaptable management team, and hard work from all of our staff. On the other hand it will not be lost on our shareholders that a single big win will have a very beneficial effect on our finances

Until recently I would have described Byotrol as a one product company. This is no longer the case but we do still have only one or two products in each segment that we operate in. The fact that we are now operating in so many segments, does tend to reduce the risk of a problem in any one area.

Incentive Scheme

During this financial year, the Board has put in place incentives for all employees, using our existing Approved (EMI) and Unapproved Schemes. The objectives of the Schemes are to attract and to retain our employees. The treatment for accounting purposes is in a world of its own. However the practical effect of any share option award is simple: it is a transfer of value from the shareholders to the Directors and employees.

It is a quirk of modern day Corporate Governance that shareholders may vote on many activities each year at the AGM but do not have any power, let alone oversight, in the process whereby their ownership of the Company can be diluted in favour of the employees. The Board believes that we have acted proportionately in carrying out this exercise and the details are set out in the Annual Report. The intricacies of the Annual Report can hide the full effect of the Share Options, so I will add my own perspective here for you to consider.

Prior to July 2014 options were outstanding over 8.2 million shares, equating to less than 4% of our issued share capital. Nearly all of these options were held by ex-employees and they have very little current value.

In July 2014 the Board awarded options over a total of 16.66 million shares to current employees and Directors. This equates to 7.5% of our current issued share capital of 225 million shares. The options are all exercisable at a strike price of 3.5p but vest in tranches depending on the share price reaching 5p, 7.5p or 10p. If we assume that all employees stay with us and that our share price rises to 10p and that they all choose to exercise their options in full then it might be constructive to see what effect that has on our shareholders. The Company will receive cash of £581,000 and will issue 16.66 million shares. Now, assuming that the Company uses this money to buy back those shares in the market, then the number of new shares issued falls to 10.85 million, which means that our existing shareholders will have been diluted by 4.8%.

Just as important as the scenario where we all do well is to look at mediocre performance. No employee will benefit unless our share price reaches at least 5p, an increase of 66% over our placing price. Even at that level the rewards to the employees are modest and the dilution to our shareholders is less than 1%. There is no free ride and in fact employees only benefit in a meaningful way if the shareholders do very well.

AGM

The percentage of our shareholders who take the time to vote each year is high and I am heartened to see this. I am just as pleased to see shareholders at our AGM. This year the Board have agreed to hold the AGM in our offices at Daresbury again, thereby giving shareholders an opportunity to see the whole company in action, and if any shareholder is interested they can be shown around our laboratory as part of their visit and as always we welcome the questions and suggestions from our shareholders. Please do come and see us at our AGM later in the summer.

Nicholas Martel
Chairman
10th August 2015

The past year has seen good progress for Byotrol, following on from our major restructuring towards the end of the prior financial year. Like-for-like sales are up, costs are down and EBITDA losses are narrowing nicely, especially in underlying trading terms.

The team has managed this despite a period of major regulatory change in our core markets, requiring a series of new product developments and reformulations (which I describe in more detail below). This has been time-consuming and expensive but we believe that our technical position across our whole portfolio is now stronger than ever before and that will really help us grow further in the coming year.

One important technical progression was that we have now had published by British Standards Institute a peer-reviewed and research-backed testing protocol for long-lasting anti-microbial products. This test is the first of its kind in the UK and will really help us to validate our product claims, defend ourselves against inferior products and challenge competitors.

Financial Overview

Our financial statements may be a little confusing for non-accountants, as they still bear the effects of the restatement made for the prior period and the skewing impact of a large one-off payment made by a US licensee to our consumer products subsidiary in first half of the year to 31 March 2014.

These factors obscure a significant improvement in underlying trading over the last year. Excluding (a) the substantial (and previously-disclosed) one-off licence suspension payment from a US licensee in the year ended 31 March 2014 and (b) share option charges:

- Underlying revenue increased by over 20% to £3,252k
- Operating expenses before share-based compensation, decreased by 21% from £1,973k to £1,565k
- Underlying EBITDA loss reduced by over 60% to £418k
- For 6 months ended 31 March(H2) 2015 EBITDA loss reduced to £155k (2014 H2: £352k)
- Loss per share reduced by 42% from 0.60p to 0.35p.

Markets

Professional

Year on year revenues increased by 25% from £1,619k to £2,021k and gross profit by 141% from £234k to £563k.

We continue to improve the quality of earnings in this segment by focussing on a smaller number of higher volume customers, with a reduced number of products, and by introducing some limited price rises. These measures have brought some success, with a pleasing rise in repeat business, despite a very competitive market environment.

Within Professional we have been focussing primarily on the food manufacturing and services sector in the UK, building in particular on our products' long-lasting abilities to kill listeria – the cause of more deaths from food poisoning in the UK than any other foodborne bug.

As a response to recent – and upcoming - regulatory change we have introduced new formulations to our food customers with revised doses of our standard biocides and also with totally new active ingredients. This has needed substantial technical and marketing investment, especially on external testing to validate product claims, and indeed we expect to be spending more in the oncoming year, but we are pleased with the market response so far and are hoping to grow market share as a result.

In healthcare we have taken three key steps to improve the business. Firstly, and following the completion of trials in five UK hospitals, we have reached agreement with ISS Healthcare, part of the ISS Group, to enter into an exclusive supply and joint marketing agreement for long-lasting floor and surface cleaning products. This means that we will jointly be selling our products into the UK NHS for use by both ISS and NHS operatives. Projected sales are uncertain but we believe we now have the right partner to work with in UK healthcare.

Secondly we have agreed with Rentokil to turn our historic supply agreement into a focussed licence contract in washrooms and serviced offices under Rentokil Initial's Ultraprotect range of hand hygiene products. We believe this new focus will help both sales and margins.

Finally we are making good progress in developing a new combined anti-bacterial and sporicidal formulation in conjunction with a technical development partner that has an established salesforce in this area.

We continue to sell our Professional products into industrial and other sectors, but in the spirit of focus, now largely do so on a reactive basis.

Petcare

Year on year revenues increased markedly, by 30%, from £721k to £938k, with gross profit increasing by 40% from £209k to £ 293k.

We continue to work very well in partnership with key accounts, namely pet speciality retailer Pets at Home and branded distributor Petface, the latter of which has now launched Byotrol products in several new territories with Tesco Central Europe.

Exports continue to grow steadily and we are starting to see progress in South Africa with a new licensee, Pharma Marketing International, who now sell the Pet Patrol brand into retail multiples; Spar, Game and Pick n Pay.

In our interim report (to 30 September 2014) we reported some quality issues with a supplier in China. These issues have now been resolved and the remedial costs have been absorbed.

Shareholders will note that gross margins in our petcare business have increased year on year from 29% to 31%. This reflects a policy of de-listing lower margin products.

Consumer

Headline year on year revenues fell substantially, by 63%, from £786k to £292k. However, excluding the previously-disclosed one-off licence suspension payment made by a US licensee to the Company in H1 2014, year on year revenues fell by 19%.

This was a difficult year in Consumer, impacted by UK supermarket price wars, by promotional activity of branded competitor products and of course by well-publicised issues at our main UK supermarket outlet. On top of this, our sales initiative in continental EU with the wipes manufacturer Albaad struggled in the face of EU regulatory change and our limited product range.

However we remain very upbeat about the potential in this segment and continue to expend our sales and technical resource:

- The UK supermarket environment is improving – branded player promotions are lessening and high quality own-label activity is increasing. On this basis we have now agreed to extend by a further 12 months the licences in UK trigger sprays with Robert McBride plc.
- We have completed formulation work on a Byotrol based liquid disinfectant approved under EU regulatory rules that we can now market alongside our wipes product. This is a major step forward for the business; we are very excited about the prospects for this initiative.
- The process towards an EPA listing remains ongoing. It is taking longer than expected as we get into the complexity with the EPA and its nominated testing laboratories, but we still remain confident of passing the remaining tests. We continue to seek technical and commercial partners in the US to exploit the technology and have already agreed a small deal in the US domestic market with Oregon-based Advanced Hygienics to act as an agent for the new products. As part of that deal Advanced Hygienics is contributing to our EPA registration costs.

Regulatory environment in Europe

The regulatory environment within Europe's biocides industry is changing 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.

Other new areas of regulation in the EU include specific guidelines for biocide use in the food industry and new labelling regimes for all chemical products according to potential hazard rather than assessment of risk. The timetable for full implementation is spread over a number of years although some rules have already come into force.

The costs of all these changes are still relatively unclear, especially for SMEs like ourselves, although they are likely to be substantial. However we have made good progress in absorbing the changes within our lean financial structure and have performed well in upgrading our products, reducing any product labelling issues and building alliances with chemical suppliers to support registration processes.

This upgrading process is ongoing, so we have also now hired into the company senior, dedicated regulatory resource to guide us through the process. Given the skill-set now in the company, we see the changes as an opportunity to build market share and indeed benefit from a widely-expected wave of consolidation in the biocides industry.

Board

In November we were pleased to announce the strengthening of our Board, with the addition of Dr Trevor Francis as an Executive Director and Chief Technology Officer. Dr Francis had been working as a consultant to the Company in various positions over the previous six years, particularly in consumer product development and commercialisation. Prior to joining Byotrol, Dr Francis spent 29 years at Unilever where he became Vice President of the Global R&D Homecare division and Head of the European Fabric Conditioners & Global Fragrance divisions. We have already benefited greatly from his presence – in patent development, in new product development, in building sales and technical alliances and in navigating through the new regulatory regimes.

Outlook

Whilst the year in review was by no means easy, we are pleased with what we have achieved. The financial performance is not yet where we need it to be, but it is steadily improving and the quality of our products is improving in leaps and bounds.

At the centre of these technical improvements is a fundamental rethink of our core technology, prompted by regulatory change and market demands. Byotrol was for many years a single product company, based on a combination of biocides and a silicone polymer. Having completed many strands of R&D work, we are now a multi-product company with several chemistries, designed for – and tailored to - many different pockets of anti-microbial demand; we will make much more of this in our marketing in the coming year.

Having completed the majority of technical work, we are now turning more aggressively to sales, using our own resources and those from alliances, agents and exclusive partnerships. We would certainly like to expand our own in-house sales force substantially, but we will only increase overheads as sales and margins allow.

David Traynor
Chief Executive
10th August 2015

The Directors present their strategic report for Byotrol plc for the year ended 31 March 2015.

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 and sale of products based on antimicrobial technology and although difficult trading conditions continued throughout the financial year, the Group is pleased to report that its products continue to be increasingly adopted.

Key performance indicators

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

- The current and projected cash resources of the Group – weekly rolling cash forecasts are utilised to manage cashflow incorporating targets in terms of the group's payment policies
- The level of sales and repeat sales against targets and prior year sales
- The timeliness and efficiency of the research and development team against project timelines and objectives

Prior to the acquisition of Byotrol Consumer Products Limited, professional sales were progressing at a slower rate than required, impacting on financial projections. As a result, manpower levels and other costs have been rationalised, and will be reduced further if necessary. The Board is satisfied with the performance and delivery of the research and development team. The Board retains these KPIs as being entirely suited to the needs of a growing business. Further analysis of the Group's performance is set out in the Chief Executive's Report.

Development and financial performance during the year

Turnover increased to £3,252k from £3,126k in 2015. Excluding (the substantial (and previously-disclosed) one-off licence suspension payment from a US licensee in the year ended 31 March 2014, the underlying turnover increased by over 20%.

Controls over operating expenses continued. These decreased by 16% from £1,870k to £1,565k (after exceptional costs).

Financial position at the reporting date

The cash position was under pressure throughout the year. However, based on recent new business wins, a continued tight control of costs and verbal assurances of additional availability of finance from shareholders, the Board is broadly confident that it has sufficient financial resources and flexibility to meet forthcoming requirements.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

The regulatory environment within Europe's biocides industry is changing 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.

Financial instruments

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

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

Interest rate risk

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

Liquidity risk

As at 31 March 2015, the Group had cash and bank balances of £286,731. These funds, together with any facilities, will be utilised 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.

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
10th August 2015

Principal activities

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

Results and dividends

The loss for the financial year to 31 March 2015 attributable to ordinary shareholders amounts to £748,660 (2014: £836,449), 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 and the Chief Executive's Report on pages 6 to 8.

Fund raising

During the year the Company raised £1.25m, £1.03m 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. 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, 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 2015 and accordingly no taxation was payable. The tax losses arising will be available to offset against the profits expected from future trading, although no tax asset in relation to these sums has been recognised in the financial statements due to the unpredictability of the timing of future profit streams.

Accounting policies

The Group's accounting policies are detailed on pages 31 to 37.

Post year end

Since the year end, the Group has continued to follow the policies and practices outlined above. The Directors submit their report and the Group financial statements of Byotrol plc for the year ended 31 March 2015.

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
- 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 development

Having achieved our targets for this full financial year we are now able to concentrate on growing the Company from its leaner base. As well as organic growth from current core businesses, we are prioritising continental EU opportunities from liquids and wipes, particularly in Consumer and in due course Professional, developing US domestic market opportunities, particularly from business-to-consumer liquid products and increasing the proportion of income from licensing and similar deal types.

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 apprised of important issues within the Group.

Directors

The Directors during the year were:

David T Traynor
Nicholas C G Martel
Till Medinger
Trevor Francis (appointed 25 November 2014)

The retiring directors are Till Medinger and Trevor Francis who will offer themselves for election at the Annual General Meeting. The Annual General Meeting will be held at 14.00 on 8 September 2015 at The Innovation Centre, Sci-Tech Daresbury WA4 4FS. The notice of that meeting, together with a proxy card, accompanies this document.

Directors' interests

The Directors at 31 March 2015 and their interests, including family interests, in the share capital, were as follows:

	<i>31 March 2015</i>	<i>At date of appointment or 31 March 2014</i>
	<i>Ordinary Shares</i>	<i>Ordinary Shares</i>
Nicholas Martel	20,693,513 *	18,693,513*
David Traynor	4,696,668	4,280,001
Till Medinger	1,010,521	593,854
Trevor Francis	956,513	789,846

* of the above shareholding, 17,693,513 shares (2014: 17,693,513 shares) are held non-beneficially

Between the year end and 10 August 2015 there have been no share dealings by Directors.

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

Substantial shareholdings

The Company has been notified of the following holdings of persons, other than Directors, who held an interest of more than 3% of the ordinary share capital of the Company at 10 August 2015:

	<i>Number of Shares</i>	<i>% of Ordinary Shares</i>
Bricon Byotrol	14,599,038	6.48
Fiske	12,777,083	5.68
Maunby Investment Management	22,596,718	10.04
Ruffer Investment Management	49,390,329	21.95
Walker Crips	14,570,836	6.47
What If Holdings	13,689,569	6.08

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 67 days of purchases outstanding in trade payables as at 31 March 2015 (2014: 71 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
10th August 2015

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. No changes were made to the basic salary packages and bonus arrangements during the financial year being reported.

Basic salary

Basic salary is reviewed annually with increases taking effect from 1 April. In addition to basic salary, the Executive Directors also receive a benefit in kind of private medical insurance. There were no increases to basic salaries during the year ended 31 March 2015.

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 2015 nor for the year ended 31 March 2014.

Share options

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

	Number of shares	Exercise Price	Exercise period
Executive Scheme			
Nicholas Martel	2,250,000	3.5p	24 July 2015 to 24 January 2022
Till Medinger	500,000	3.5p	24 July 2015 to 24 January 2022
Enterprise Management Scheme			
David Traynor	4,500,000	3.5p	24 July 2015 to 24 January 2022
Trevor Francis	2,250,000	3.5p	24 July 2015 to 24 January 2022

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 24 July 2015 and 24 January 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 24 July 2015 and 24 January 2020.
- 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 24 July 2015 and 24 January 2022.

Pension arrangements

Executive Directors are entitled to have a percentage of their basic salary paid to a pension scheme of their choice. Each Executive Director 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:

	2015	2014
	£	£
Emoluments	170,918	417,853
Money purchase pension contributions	-	14,496
	<u>170,918</u>	<u>432,349</u>
	<u><u>170,918</u></u>	<u><u>432,349</u></u>

Individual Directors' remuneration

The remuneration of the Directors for the year ended 31 March 2015 is as follows:

	Basic salary and fees £	Bonuses £	Other benefits £	Total 2015 £	Pension 2015 £	Total 2014 £	Pension 2014 £
<i>Executive Directors</i>							
David Traynor	95,000	-	1,251	96,251	-	40,611	-
Trevor Francis	26,667	-	-	26,667	-	-	-
Gary Millar	-	-	-	-	-	170,135	6,000
Duncan Grosvenor	-	-	-	-	-	129,107	8,496
<i>Non-Executive Directors</i>							
Ralph Kugler	-	-	-	-	-	30,000	-
Till Medinger	24,000	-	-	24,000	-	24,000	-
Nicholas Martel	24,000	-	-	24,000	-	24,000	-
	<u>169,997</u>	<u>-</u>	<u>1,251</u>	<u>170,918</u>	<u>-</u>	<u>417,853</u>	<u>14,496</u>

(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.

(3) Trevor Francis was appointed on 25th November 2014.

Approval

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

Nicholas Martel
Chairman
10th August 2015

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 prior to their appointment from Baker Tilly UK Audit LLP, and to review the half-yearly and annual financial statements before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems and processes. The Committee has considered the need for an internal audit function and has concluded that, at the present time, no such function is necessary. This will be reviewed on a regular basis. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors.

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

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

- a review of the non-audit services provided to the Group and related fees;
- discussion with the auditors of a written report detailing all relationships with the 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 2015 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 8 September 2015. 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
10th August 2015

Non-Executive Directors

Nicholas Martel, aged 54 (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.

He is a consultant to Maunby Investment Management, in Harrogate, North Yorkshire.

Till Medinger, aged 75 (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 49 (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 Whatlf Ventures, the investment arm of the innovation company Whatlf, in 2003.

At Whatlf, David specialised in commercialising new products, in markets as diverse as UK annuities, high street retail, fast food and plastics.

Prior to becoming CEO at Byotrol plc, David ran Byotrol Consumer Products (BCP) from inception in 2007 within his partnership role at Whatlf 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 2014.

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
10th August 2015

We have audited the financial statements of Byotrol plc for the year ended 31 March 2015 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 2015 and of the Group's and the Parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the accounting policies within the financial statements concerning the Company's ability to continue as a going concern. As 31 March 2015 the Group reported a total comprehensive loss for the year then ended of £751,944 and net current assets of only £593,484 and the Parent Company reported a total comprehensive loss for the year ended 31 March 2015 of £1,079,080 and had net current liabilities at that date of £26,278. These conditions along with other matters explained in the accounting policies within the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

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
The Lexicon
Mount Street
Manchester
M2 5NT

Date: 10th August 2015

Byotrol plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2015

	Notes	2015 £	2014 £
REVENUE	1	3,251,512	3,126,406
Cost of sales		(2,103,783)	(1,897,744)
GROSS PROFIT		1,147,729	1,228,662
Administrative expenses excluding depreciation and amortisation		(1,565,254)	(1,972,762)
Exceptional items	2	-	103,044
Share based compensation		(107,750)	(29,703)
LOSS BEFORE INTEREST, DEPRECIATION, AMORTISATION AND TAX	2	(525,725)	(670,759)
Amortisation		(66,787)	(70,750)
Depreciation		(73,357)	(65,615)
Finance income	5	966	-
Finance costs	5	(84,207)	(29,325)
LOSS BEFORE TAX		(748,660)	(836,449)
Taxation	6	-	-
LOSS FOR THE FINANCIAL YEAR		(748,660)	(836,449)
(Loss) / profit attributable to:			
Owners of Parent		(748,660)	(986,144)
Non-controlling interest		-	149,695
		(748,660)	(836,449)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
<i>Other comprehensive income which may be reclassified to profit or loss in subsequent periods:</i>			
Currency translation difference		(3,284)	(40,757)
Other comprehensive expenditure		(3,284)	(40,757)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(751,944)	(877,206)
Owners of the parent		(751,944)	(1,026,901)
Non controlling interest		-	149,695
		(751,944)	(877,206)
Basic and fully diluted loss per share – pence	7	(0.35)	(0.60)

Byotrol plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

Company Registration No 05352525

	<i>Notes</i>	2015 £	2014 £
ASSETS			
Non-current assets			
Property, plant and equipment	8	46,364	118,680
Intangible assets	9	510,641	463,847
		<u>557,005</u>	<u>582,527</u>
Current assets			
Inventories	11	230,022	278,351
Trade and other receivables	12	926,890	762,113
Cash and cash equivalents	13	286,731	98,521
		<u>1,443,643</u>	<u>1,138,985</u>
		<u>2,000,648</u>	<u>1,721,512</u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	850,159	1,101,759
		<u>850,159</u>	<u>1,101,759</u>
Long term liabilities			
Convertible loan notes	15	328,625	310,699
		<u>328,625</u>	<u>310,699</u>
Equity			
Share capital	20	562,587	458,420
Share premium account		21,639,595	20,586,758
Merger reserve		1,064,712	1,064,712
Other reserves		23,595	26,879
Retained deficit		(22,468,625)	(21,827,715)
		<u>821,864</u>	<u>309,054</u>
Equity attributable to owners of the Parent		<u>821,864</u>	<u>309,054</u>
Non controlling interests		-	-
TOTAL EQUITY		<u>821,864</u>	<u>309,054</u>
TOTAL EQUITY AND LIABILITIES		<u>2,000,648</u>	<u>1,721,512</u>

These financial statements were approved by the Board of Directors and authorised for issue on 10th August 2015 and are signed on their behalf by:

David Traynor
Chief Executive

	<i>Notes</i>	2015 £	2014 £
ASSETS			
Non-current assets			
Property, plant and equipment	8	-	-
Intangible assets	9	363,937	379,410
Investments in subsidiaries	10	2,480,311	2,480,311
		<u>2,844,248</u>	<u>2,859,721</u>
Current assets			
Trade and other receivables	12	39,847	30,699
Cash and cash equivalents		58,232	-
		<u>98,079</u>	<u>30,699</u>
TOTAL ASSETS		<u><u>2,942,327</u></u>	<u><u>2,890,420</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	124,357	276,050
		<u>124,357</u>	<u>276,050</u>
Long term liabilities			
Convertible loan notes	15	328,625	310,699
		<u>328,625</u>	<u>310,699</u>
Equity			
Share capital	20	562,587	458,420
Share premium account		21,639,595	20,586,758
Merger reserve		1,064,712	1,064,712
Other reserves		69,301	69,301
Retained deficit		(20,846,850)	(19,875,520)
TOTAL EQUITY		<u>2,489,345</u>	<u>2,303,671</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,942,327</u></u>	<u><u>2,890,420</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 10 August 2015 and are signed on their behalf by:

David Traynor
Chief Executive

Byotrol plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ending 31 March 2015

	Share capital £	Share premium £	Merger reserve £	Other reserves £	Retained earnings reserve £	Sub-total £	Non-controlling interests £	Total equity £
At as 1 April 2013	358,949	18,154,985	1,064,712	(1,665)	(18,299,075)	1,277,906	(613,147)	664,759
Loss for the year	-	-	-	-	(986,144)	(986,144)	149,695	(836,449)
Currency translation difference	-	-	-	(40,757)	-	(40,757)	-	(40,757)
Total comprehensive loss for the year	-	-	-	(40,757)	(986,144)	(1,026,901)	149,695	(877,206)
Share issue	15,124	468,250	-	-	-	483,374	-	483,374
Share issue costs	-	(60,877)	-	-	-	(60,877)	-	(60,877)
Purchase of non-controlling interest	84,347	2,024,400	-	-	(2,572,199)	(463,452)	463,452	-
Issue of convertible loan notes	-	-	-	69,301	-	69,301	-	69,301
Share based payments	-	-	-	-	29,703	29,703	-	29,703
Equity as at 31 March 2014	458,420	20,586,758	1,064,712	26,879	(21,827,715)	309,054	-	309,054
Loss for the year	-	-	-	-	(748,660)	(748,660)	-	(748,660)
Currency translation difference	-	-	-	(3,284)	-	(3,284)	-	(3,284)
Total comprehensive loss for the year	-	-	-	(3,284)	(748,660)	(751,944)	-	(751,944)
Share issue	104,167	1,145,833	-	-	-	1,250,000	-	1,250,000
Share issue costs	-	(92,996)	-	-	-	(92,996)	-	(92,996)
Share based payments	-	-	-	-	107,750	107,750	-	107,750
Equity as at 31 March 2015	562,587	21,639,595	1,064,712	23,595	(22,468,625)	821,864	-	821,864

Byotrol plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ending 31 March 2015

Other reserves comprise:	Translation reserve £	Convertible loan note reserve £	Other reserves £
At 1 April 2013	(1,665)	-	(1,665)
Currency translation difference	(40,757)	-	(40,757)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	(40,757)	-	(40,757)
Issue of convertible loan notes	-	69,301	69,301
	<hr/>	<hr/>	<hr/>
Equity as at 31 March 2014	<u>(42,422)</u>	<u>69,301</u>	<u>26,879</u>
Currency translation difference	(3,284)	-	(3,284)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	(3,284)	-	(3,284)
	<hr/>	<hr/>	<hr/>
Equity as at 31 March 2015	<u>(45,706)</u>	<u>69,301</u>	<u>23,595</u>

Byotrol plc
COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ending 31 March 2015

	Share capital	Share premium	Merger reserve	Convertible loan note reserve	Retained earnings reserve	Total
	£	£	£	£	£	£
As at 1 April 2013	358,949	18,154,985	1,064,712	-	(18,855,027)	723,619
Loss for the year	-	-	-	-	(1,031,632)	(1,031,632)
Total comprehensive loss for the year	-	-	-	-	(1,031,632)	(1,031,632)
Share based payments	-	-	-	-	11,139	11,139
Share issue	99,471	2,492,650	-	-	-	2,592,121
Share issue costs	-	(60,877)	-	-	-	(60,877)
Issue of convertible loan notes	-	-	-	69,301	-	69,301
At 31 March 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)
Convertible loan notes	-	-	-	-	-	-
Share based payments	-	-	-	-	107,750	107,750
At 31 March 2015	<u>562,587</u>	<u>21,639,595</u>	<u>1,064,712</u>	<u>69,301</u>	<u>(20,846,850)</u>	<u>2,489,345</u>

Byotrol plc
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2015

	2015 £	2014 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(748,660)	(836,449)
Adjustments for:		
Share based payments	107,750	29,703
Depreciation	73,357	65,615
Amortisation	66,787	70,750
Loss on disposal of property, plant and equipment	-	715
Impairment of intangible asset	-	80,362
Finance income	(966)	-
Finance costs	84,207	29,325
Loan forgiveness	-	(684,289)
Changes in working capital		
Decrease in inventories	48,329	232,586
(Increase) / decrease in trade and other receivables	(164,777)	294,210
Decrease in trade and other payables	(256,013)	(72,594)
CASH USED IN OPERATING ACTIVITIES	(789,986)	(790,066)
Income taxes credit received	-	-
NET CASH USED IN OPERATING ACTIVITIES	(789,986)	(790,066)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(1,041)	(107,445)
Payments to acquire intangible assets	(113,581)	(135,580)
Interest received	966	-
NET CASH USED IN INVESTING ACTIVITIES	(113,656)	(243,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	1,250,000	483,374
Proceeds on issue of convertible loan notes	-	380,000
Share issue costs	(92,996)	(60,877)
Interest paid	(65,152)	(29,325)
NET CASH INFLOW FROM FINANCING	1,091,852	773,172
Net increase/(decrease) in cash and cash equivalents	188,210	(259,919)
Cash and cash equivalents at the beginning of the financial year	98,521	358,440
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents at the end of the financial year	286,731	98,521

Byotrol plc
COMPANY CASH FLOW STATEMENT
for the year ended 31 March 2015

	2015 £	2014 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(1,079,080)	(1,031,632)
Adjustments for:		
Share based payments	48,991	11,139
Amortisation	60,454	70,750
Finance costs	55,926	(56,829)
Impairment of intangible assets	-	80,362
Impairment of funding provided to subsidiaries	413,707	521,644
Changes in working capital		
(Increase) / Decrease in trade and other receivables	(9,148)	85,415
Decrease in trade and other payables	(151,693)	(18,975)
CASH USED IN OPERATING ACTIVITIES	(660,843)	(859,770)
Income taxes credit received	-	-
NET CASH USED IN OPERATING ACTIVITIES	(660,843)	(338,126)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in subsidiary in relation to share based payments	58,759	-
Payments to acquire intangible assets	(44,981)	(51,143)
Interest received	-	56,829
NET CASH USED IN / GENERATED BY INVESTING ACTIVITIES	13,778	5,686
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	1,250,000	483,374
Share issue costs	(92,996)	(60,877)
Convertible loan notes	-	380,000
Interest paid	(38,000)	-
Financing provided to subsidiaries	(413,707)	(521,644)
NET CASH INFLOW FROM FINANCING	705,297	280,853
Net increase/(decrease) in cash and cash equivalents	58,232	(51,587)
Cash & cash equivalents at the beginning of the financial year	-	51,587
Effect of foreign exchange rate changes	-	-
Cash & cash equivalents at the end of the financial year	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 2015 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 £1,079,080 (2014: £1,031,632).

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

Impairment of assets

In line with the policy stated on impairment, the Directors have considered the carrying value of assets. They have determined that there is reasonable evidence to suggest certain trade receivables will not be recovered in full and have therefore reflected an impairment in the value of trade receivables in the Group financial statements. They have also determined that, due to the trading losses incurred by the subsidiaries of the Company, it is reasonable to reflect an impairment in the value of loans 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.

Share based payment charge

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

STANDARDS, AMENDMENTS AND INTERPRETATIONS

Standards, amendments and interpretations adopted in the year

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

- *IAS 1 (amendment) 'Presentation of Financial Statements' – Revision to items presented within other comprehensive income*
The amendment states that items presented within other comprehensive income should be grouped together for those that may be reclassified to the profit or loss section, and those that may never be reclassified. The amendment also requires income tax which arises on the items of other comprehensive income, to be presented in line with the appropriate grouping.
- *IFRS 13 'Fair Value Measurement'*
The standard sets out a comprehensive framework for defining and measuring fair value and also includes additional disclosure requirements about fair value measurements.
- *IFRS 7 (amendment) 'Financial instruments: Disclosure'– Offsetting financial assets and financial liabilities*
- *Annual Improvements to IFRS (2009 - 2011)*
- *IAS 19 (amendment) 'Employee Benefits' – Revision to post-employment benefits and termination benefits*
- *IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine'*

IFRS 10 'Consolidated Financial Statements'

The standard replaces the consolidation requirements in IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation – Special Purpose Entities', building on existing principles by identifying

the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 11 'Joint Arrangements'

The standard classifies joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form as is currently the case. Furthermore, the standard permits only two classifications for joint arrangements; being either joint operations or joint ventures, thereby reducing the number of classifications from three as per the previous standard.

IFRS 12 'Disclosure of Interests in Other Entities'

The standard sets out new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (Revised)

Following the issue of IFRS 10 'Consolidated Financial Statements' and IFRS 11 'Joint Arrangements', consequential changes have been made to these standards.

IFRS 10 (amendment) 'Consolidated Financial Statements', IFRS 11 (amendment) 'Joint Arrangements' and IFRS 12 (amendment) 'Disclosure of Interest in Other Entities', Amendments in relation to the transitional guidance and accounting for investment entities

IAS 32 (amendment) 'Financial instruments: Presentation'

IFRIC 21 'Levies'

IAS 39 (amendment) 'Financial Instruments: Recognition and Measurement', Novation of derivatives

IAS 36 (amendment) 'Impairment of Assets', Recoverable amounts disclosures for non-financial assets

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:

- | | |
|---|-------------------------|
| - <i>IAS 19 (amendment) 'Employee Benefits', Defined benefit plans, employee contributions</i> | <i>1 July 2014</i> |
| - <i>Annual Improvements to IFRS (2010 - 2013) and (2011 - 2014)</i> | <i>1 July 2014</i> |
| - <i>IFRS 14 'Regulatory Deferral Accounts'</i> | <i>1 January 2016</i> |
| - <i>IFRS 11 (amendment) 'Joint Arrangements', Accounting for acquisitions of interests in joint operations</i> | <i>1 January 2016</i> |
| - <i>IAS 16 (amendment) 'Property, Plant and Equipment', IAS 38 (amendment) 'Intangible Assets', Clarification of acceptable methods of depreciation and amortisation</i> | <i>1 January 2016</i> |
| - <i>IFRS 9 'Financial instruments: Classification and measurement'</i> | <i>To be determined</i> |
| - <i>IFRS 15 Revenue from Contracts with Customers</i> | <i>1 January 2017</i> |

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.

REVENUE

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

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

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

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

OPERATING SEGMENTS

Byotrol plc manufactures products based on anti-microbial technology in the United Kingdom ("UK") and also generates revenues from licensing agreements. Its customers are based in the UK, North America and the Rest of the World. Financial information is reported to the board on 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 and licence fee basis as management believe that each product offering and licensing of its products exposes the Group to differing levels of risk and rewards due to their intrinsic nature. The segment profit or loss, segment assets and segment liabilities are measured on the same basis as amounts recognised in the financial statements, as set out in the accounting policies.

INTANGIBLE ASSETS

Research and development

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

An internally-generated intangible asset arising from the Group's 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.

Patents and licenses

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

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

Software

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

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.

Cash 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

Grants from the government are recognised where there is assurance 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.

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

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

Segmental information is presented using Group policies.

Year ended 31 March 2015	Continuing operations			Total £
	Professional £	Consumer £	Pet £	
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

Centrally incurred income and expenditure not attributable to individual segments:

Administrative costs	(1,565,254)
Exceptional items	-
Depreciation and amortisation	(140,144)
Share based payments	(107,750)
Finance income	966
Finance costs	(84,207)
Loss before tax	(748,660)

Included within the revenues of the Professional segment is revenue of £439,844 relating to customer A (2014: £339,158) and £343,536 relating to customer B (2014: £251,799). Included within the revenues of the Pet segment is revenue of £372,368 relating to customer C (2014: £329,122) and £340,118 from customer D (2014: £119,460).

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

Central income and expenditure not attributable to individual segments:

Administrative costs	(1,972,762)
Exceptional items	103,044
Depreciation and amortisation	(136,365)
Share based payments	(29,703)
Finance income	-
Finance costs	(29,325)
Loss before tax	(836,449)

1 SEGMENTAL INFORMATION (continued)

Geographical segments

The Group's operations are located in the United Kingdom and the United States of America.

The following table provides an analysis of the Group's sales by geography based upon location of the Group's customers.

Geographical segments	United Kingdom	North America	Rest of the World	Total
Year ended 31 March 2015	£	£	£	£
External revenue	2,754,015	50,550	446,947	3,251,512
Segment current assets	1,443,643	-	-	1,443,643
Segment non – current assets	<u>557,005</u>	<u>-</u>	<u>-</u>	<u>557,005</u>
	United Kingdom	North America	Rest of the World	Total
Year ended 31 March 2014	£	£	£	£
External revenue	2,183,439	527,712	415,255	3,126,406
Segment current assets	1,110,307	28,678	-	1,138,985
Segment non-current assets	<u>582,527</u>	<u>-</u>	<u>-</u>	<u>582,527</u>

2 LOSS BEFORE TAX

During 2014, as part of the acquisition of the non-controlling interest in BCP, a loan of £684,289 was forgiven by Whatif Joint Ventures Ltd, a related party. This is treated as an exceptional income item in the prior period.

During the same period the Company went through an extensive process of reorganisation and as part of that process, it incurred considerable one-off costs as set out in more detail below. Included within these items was a specific and once-only write-off of (previously-identified but not actioned) obsolete and damaged stock.

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

	2015 £	2014 £
Exceptional items:		
Loan forgiveness	-	(684,289)
Patent writedown	-	80,362
Legal costs	-	15,820
Wind down of USA office	-	25,000
Stock writeoff	-	79,361
Director & staff settlement costs	-	380,702
	<u>-</u>	<u>(103,044)</u>

During 2014, considerable duplication of resources were removed from the Group. Based on the following further one-off costs, we calculated Normalised EBITDA as follows:

	2015 £	2014 £
EBITDA (excluding exceptional items)	-	(773,803)
Bad debt write off	-	76,000
Relocation costs for head office	-	6,000
Directors & staff costs (duplication)	-	58,000
Normalised EBITDA	<u>-</u>	<u>(633,803)</u>

	2015 £	2014 £
Loss before tax is stated after charging / (crediting):		
Amortisation	66,786	70,750
Depreciation of property, plant and equipment	73,358	65,615
(Profit) / Loss on sale of property, plant and equipment	(1,042)	716
Auditor's remuneration		
- as auditor	22,500	15,000
- other services	13,000	23,950
Research & development costs	351,474	364,979
Operating lease costs – office rent	40,796	66,497
Impairment of trade receivables	-	78,067
Foreign exchange differences	(23,741)	7,867
	<u><u>66,786</u></u>	<u><u>70,750</u></u>

2 LOSS BEFORE TAX (continued)

Amounts payable to Mazars LLP and their associates (2014: Mazars LLP) in respect of both audit and non-audit services:

	2015 £	2014 £
Audit Services		
- Statutory audit of parent and consolidated financial statements	22,500	15,000
Other Services		
Audit of subsidiaries where such services are provided by Mazars LLP and their associates	10,000	10,000
Review of interim results	-	9,950
Other services	3,000	-
Corporate tax compliance services	-	4,000
	<u>35,500</u>	<u>38,950</u>

3 PARTICULARS OF EMPLOYEES

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

	2015 No	2014 No
Executive Directors	2	2
Research and development	6	8
Administration and sales	10	12
	<u>18</u>	<u>22</u>

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

	2015 £	2014 £
Wages and salaries	731,527	1,179,020
Social security costs	75,806	136,098
Other pension costs	25,559	46,257
	<u>832,892</u>	<u>1,361,375</u>

An element of the prior year costs relates to director and staff settlement costs (see note 2).

4 DIRECTORS' EMOLUMENTS

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

	2015 £	2014 £
Emoluments receivable	170,919	417,853
Pension contributions	-	14,496
	<u>170,919</u>	<u>432,349</u>

The emoluments of the highest paid director were:

	2015 £	2014 £
Emoluments receivable	95,000	170,135
Pension contributions	-	6,000
	<u>95,000</u>	<u>176,135</u>

4 DIRECTORS' EMOLUMENTS (continued)

Number of Directors accruing benefits under money purchase scheme

2015 Number	2014 Number
-	2

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

5 FINANCE (COST) / INCOME

	2015 £	2014 £
Loan interest	(6,375)	-
Convertible loan interest	(57,055)	(9,500)
Invoice discounting interest	(20,777)	(19,825)
Interest payable	<u>(84,207)</u>	<u>(29,325)</u>
Bank interest receivable	<u>966</u>	<u>-</u>

6 INCOME TAX

	2015 £	2014 £
Corporation tax at 21% (2014: 24%)	-	-
Research and development tax credits received	-	-
Adjustment in respect of prior periods	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax	<u>-</u>	<u>-</u>

There is no tax charge as the Group has made losses in both the current and the previous year. At 31 March 2015 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £3,666,486 (2014: £3,843,484).

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

	2015 £	2014 £
Loss for the year	(748,660)	(836,449)
Income tax credit	-	-
Loss on ordinary activities before tax	<u>(748,660)</u>	<u>(836,449)</u>
Tax at the UK corporation tax rate of 21% (2014: 23%)	(157,218)	(192,383)
Expenses not deductible for tax purposes	157,218	192,383
Unrecognised, unrelieved tax losses	<u>-</u>	<u>-</u>
Total tax	<u>-</u>	<u>-</u>

7 LOSS PER SHARE

	2015 £	2014 £
Loss on ordinary activities after taxation	<u>(748,660)</u>	<u>(986,144)</u>
Weighted average number of shares (No) For basic and fully diluted loss per ordinary share	<u>211,450,294</u>	<u>163,854,920</u>
Loss per ordinary share – basic and fully diluted	<u>(0.35)p</u>	<u>(0.60)p</u>

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 – 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	<u>-</u>	<u>37,010</u>	<u>225,686</u>	<u>262,696</u>
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	<u>-</u>	<u>35,915</u>	<u>180,417</u>	<u>216,332</u>
Net Book Value At 31 March 2015	<u>-</u>	<u>1,095</u>	<u>45,269</u>	<u>46,364</u>
Group – 2014	Leasehold Improvements £	Computer equipment £	Plant and Machinery £	Total £
Cost				
At 1 April 2013	22,647	64,711	177,611	264,969
Additions	-	-	107,445	107,445
Disposals	-	-	(2,092)	(2,092)
At 31 March 2014	<u>22,647</u>	<u>64,711</u>	<u>282,964</u>	<u>370,322</u>
Depreciation				
At 1 April 2013	22,647	53,543	111,214	187,404
Charge for the year	-	8,897	56,718	65,615
On disposals	-	-	(1,377)	(1,377)
At 31 March 2014	<u>22,647</u>	<u>62,440</u>	<u>166,555</u>	<u>251,642</u>
Net Book Value At 31 March 2014	<u>-</u>	<u>2,271</u>	<u>116,409</u>	<u>118,680</u>

8 PROPERTY, PLANT & EQUIPMENT (continued)

Company	2015 Plant & machinery £	2014 Plant & machinery £
Cost		
At 1 April	5,996	5,996
Disposals	(5,996)	-
	<u>-</u>	<u>5,996</u>
At 31 March	-	5,996
Depreciation		
At 1 April	5,996	5,996
Charge for the year	-	-
On disposals	(5,996)	-
	<u>-</u>	<u>5,996</u>
At 31 March	-	5,996
Net Book Value		
At 31 March	-	-

9 INTANGIBLE ASSETS

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	<u>153,037</u>	<u>-</u>	<u>629,727</u>	<u>782,764</u>
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	<u>6,333</u>	<u>-</u>	<u>265,790</u>	<u>272,123</u>
Net Book Value				
At 31 March 2015	<u>146,704</u>	<u>-</u>	<u>363,937</u>	<u>510,641</u>

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.

9 INTANGIBLE ASSETS (continued)

Group – 2014	Development costs	Software intangibles £	Patents and licences £	Total £
Cost				
At 1 April 2013	-	42,946	672,792	715,738
Additions	84,437	-	51,143	135,580
Disposals	-	-	(139,189)	(139,189)
At 31 March 2014	<u>84,437</u>	<u>42,946</u>	<u>584,746</u>	<u>712,129</u>
Amortisation				
At 1 April 2013	-	42,946	193,413	236,359
Charge for the year	-	-	70,750	70,750
On disposals	-	-	(58,827)	(58,827)
At 31 March 2014	<u>-</u>	<u>42,946</u>	<u>205,336</u>	<u>248,282</u>
Net Book Value				
At 31 March 2014	<u>84,437</u>	<u>-</u>	<u>379,410</u>	<u>463,847</u>
Company			2015 Patents and licences £	2014 Patents and licences £
Cost				
At 1 April			584,746	672,792
Additions			44,981	51,143
Disposals			-	(139,189)
At 31 March			<u>629,727</u>	<u>584,746</u>
Amortisation				
At 1 April			205,336	193,413
Charge for the year			60,454	70,750
On disposals			-	(58,827)
At 31 March			<u>265,790</u>	<u>205,336</u>
Net Book Value				
At 31 March			<u>363,937</u>	<u>379,410</u>

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 2015 £	Shares in Subsidiary Undertakings 2014 £
At 1 April 2014	2,480,311	371,564
Purchase of non-controlling interest	-	2,108,747
Additions relating to share options issued to employees	58,759	11,139
Impairment	(58,759)	(11,139)
At 31 March 2015	<u>2,480,311</u>	<u>2,480,311</u>

Details of principal subsidiaries 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	
	2015 £	2014 £	2015 £	2014 £
Raw materials and consumables	76,147	70,063	-	-
Finished goods and goods for resale	153,875	208,288	-	-
	<u>230,022</u>	<u>278,351</u>	<u>-</u>	<u>-</u>

Included above are inventories of £ Nil (2014: £ Nil) carried at net realisable value.

The cost of Inventories expensed, included in the Consolidated Statement of Comprehensive Income as Cost of Sales is £2,103,783 (2014: £1,897,744).

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

12 TRADE AND OTHER RECEIVABLES

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade receivables	697,492	448,400	-	-
Tax repayable	-	36,775	10,251	2,895
Other receivables	16,409	50,974	7,263	7,263
Prepayments and accrued income	212,989	225,964	22,333	20,541
	<u>926,890</u>	<u>762,113</u>	<u>39,847</u>	<u>30,699</u>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group had 53 days of revenue outstanding in trade receivables as at 31 March 2015 (2014: 53 days). Included within trade receivables is £51,497 (2014: £58,604) denominated in US dollars.

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

The Group's credit risk is primarily attributable to trade receivables. The amounts presented in the consolidated statement of financial position are net of allowances of £25,859 (2014: £75,780) 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 £219,638 (2014: £128,749). The majority of the exposure is spread over a number of counterparties and customers.

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Impairment brought forward	75,780	14,163	-	-
Amounts written off	(49,921)	(16,450)	-	-
Impairment charge	-	78,067	-	-
	<u>25,859</u>	<u>75,780</u>	<u>-</u>	<u>-</u>

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

2015	Debt age – "days overdue"						Total
	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 Days	
Gross	430,479	91,029	107,677	26,766	29,462	37,938	723,351
Impairment	-	-	-	-	-	(25,859)	(25,859)
Trade receivables Value (£)	<u>430,479</u>	<u>91,029</u>	<u>107,677</u>	<u>26,766</u>	<u>29,462</u>	<u>12,079</u>	<u>697,492</u>
%	<u>62</u>	<u>13</u>	<u>15</u>	<u>4</u>	<u>4</u>	<u>2</u>	<u>100</u>

12 TRADE AND OTHER RECEIVABLES (continued)

2014	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 days	Total
Gross	243,801	146,342	29,094	11,734	3,842	89,367	524,180
Impairment	-	-	-	-	-	(75,780)	(75,780)
Trade receivables Value (£)	243,801	146,342	29,094	11,734	3,842	13,587	448,400
%	54	33	6	3	1	3	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 2015 there was £175,984 (2014: £58,257) 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 £273,574 (2014: £71,732) and a limited amount £13,156 (2014: £26,789) with one US bank. All amounts held by the Company are with government supported UK based banks.

14 TRADE AND OTHER PAYABLES

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Current:				
Trade payables	497,326	693,200	34,317	162,621
Invoice discounting facility	157,266	184,628	-	-
Other payables	-	1,119	1,849	-
Other taxes	72,536	102,674	15,381	25,039
Accruals and deferred income	123,031	120,138	72,810	88,390
	<u>850,159</u>	<u>1,101,759</u>	<u>124,357</u>	<u>276,050</u>

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

Included in trade payables is £32,951 (2014: £27,537) denominated in US dollars.

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.

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:

2015	Payables age – “days past due” at balance sheet date						Total
	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 Days	
Trade payables value (£)	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
2014	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 Days	Total
Trade payables value (£)	257,240	198,552	55,593	33,860	54,036	93,919	693,200
%	37	29	8	5	8	13	100
Invoice discounting facility	184,628	-	-	-	-	-	184,628
Convertible loan notes	310,699	-	-	-	-	-	310,699

15 BORROWINGS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Non-current:				
Convertible loan notes	328,625	310,699	328,625	310,699

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 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
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	55,926	9,500	55,926	9,500
Interest paid	(38,000)	(9,500)	(38,000)	(9,500)
Liability component at 31 March	328,625	310,699	328,625	310,699

At 31 March 2015, 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 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts due:				
Within one year	55,456	96,031	-	-
In second to fifth years inclusive	-	32,776	-	-
	<u>55,456</u>	<u>128,807</u>	<u>-</u>	<u>-</u>

Operating lease payments represent rentals payable by the Group for its office property and laboratory facilities. The laboratory lease is negotiated for a term of one year and the office lease is negotiated for a terms of two years. Both rentals are fixed for these periods.

18 SHARE BASED PAYMENTS

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

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

	2015		2014	
	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	8,210,000	14.40	10,184,000	13.01
Share options granted during the year	16,662,500	3.50	-	-
Share options lapsed during the year	(150,000)	3.50	(1,974,000)	6.70
Outstanding at the end of the year	<u>24,722,500</u>	<u>7.10</u>	<u>8,210,000</u>	<u>14.40</u>

The number of options exercisable at 31 March 2015 is 2,240,000 (2014: 2,018,000).

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

	2015 £	2014 £
Charged to Consolidated Statement of Comprehensive Income	<u>107,750</u>	<u>29,703</u>

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

18 SHARE BASED PAYMENTS (continued)

	New Grants
Grant date	24 July 2014
Share price at grant date	3.25p
Exercise price	3.5p
Number of employees	16
Share options granted	13,262,500
Vesting period (years)	1
Expected volatility	55.7%
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	1.75p

The options outstanding at 31 March 2015 had a weighted average exercise price of 7.10 p (2014: 14.40p) and a weighted average remaining contractual life of 7.8 years (2014: 6.1 years).

The aggregate of the estimated fair values of the options granted in the year is £333,250 (2014: £ Nil).

At 31 March 2015 there were options outstanding over 24,722,500 (2014: 8,210,000) 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 5 July 2022.

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

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 (2014: £24,000). Expenses are paid direct to Mr Martel and amounted to £NIL (2014: £NIL). The amounts outstanding at the year end totalled £18,000 (2014: £23,000).

Fees for Dr Medinger are paid to Medinger Associates and amounted to £24,000 (2014: £24,000). Expenses are paid direct to Dr Medinger and amounted to £NIL (2014: £1,833). The amounts outstanding at the year end totalled £30,000 (2014: £20,702).

Expenses are paid direct to Dr Francis and amounted to £1,026 (2014: £NIL). The amounts outstanding at the year end totalled £3,150 (2014: £NIL).

Martel Northern Limited, of which Nicholas Martel is a director, loaned the amount of £75,000 to Byotrol Consumer Products Limited at an interest rate of 1.5% per month payable on the unpaid principal and an arrangement fee of £750. The loan was repaid in full during the year along with interest totalling £3,375.

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:

	2015	2014
	£	£
Short term benefits	170,918	417,853
Long term benefits	-	14,496
Share based payments	49,587	11,139
Total	<u>220,505</u>	<u>443,488</u>

Subsidiaries

During the year the Company has provided short term funding to one of its subsidiaries on an interest free basis. The funding provided in the year to Byotrol Technology Limited was £413,707 (2014: £521,644). The balances due from Byotrol Consumer Products Limited, Byotrol Technology Limited and Byotrol Inc at 31 March 2015 were impaired in view of uncertainty over the timing or repayment of the balances, leaving £nil included in the Company's statement of financial position (2014: £nil) in respect of both companies.

20 SHARE CAPITAL

	2015	2014
Authorised: 375,057,945 (2014: 283,120,101) Ordinary shares of 0.25p each	<u>937,645</u>	<u>707,800</u>

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

	No	£
Issued and fully paid Ordinary Shares (par value 0.25 pence):		
At 1 April 2014	183,368,101	458,420
Shares issued	41,666,668	104,167
At 31 March 2015	<u>225,034,769</u>	<u>562,587</u>

Capital management

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

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

The Group has no long-term gearing ratio target as it believes that it currently 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.