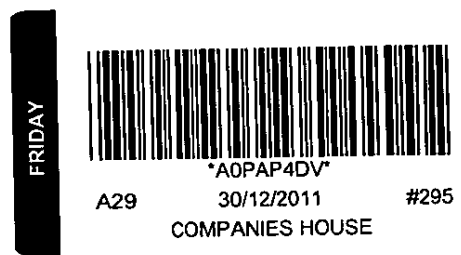


Byotrol Technology Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2011



Byotrol Technology Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Millar
S B Falder
R W Bell

SECRETARY

R W Bell

REGISTERED OFFICE

Riverside Works
Collyhurst Road
Manchester
M40 7RU

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

BANKERS

Lloyds TSB plc
1 King Street
Manchester
M2 4WQ

SOLICITORS

Field Fisher Waterhouse LLP
35 Vine Street
London
EC3N 2AA

Byotrol Technology Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Byotrol Technology Limited for the year ended 31 March 2011

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of the development, patenting and sale of products based on microbial technology

DIRECTORS

The directors who served the company during the year were as follows

| | |
|--------------|-----------------------------|
| G Millar | (Appointed 26 January 2011) |
| D M McRobbie | (Resigned 13 December 2010) |
| S B Falder | |
| R W Bell | |

The directors' interests in the share capital of the parent undertaking, Byotrol plc, are disclosed in the financial statements of that company

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

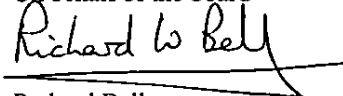
AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the annual general meeting

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

On behalf of the board



Richard Bell

Director

20 December 2011

Byotrol Technology Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BYOTROL TECHNOLOGY LIMITED

We have audited the financial statements on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



GRAHAM BOND FCA (Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

29/12/11

Byotrol Technology Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011

| | <i>Notes</i> | 2011 £ | 2010 £ |
|---|--------------|--------------------|------------------|
| TURNOVER | 1 | 1,524,175 | 2,481,900 |
| Cost of sales | | (1,143,764) | (1,402,404) |
| Gross profit | | 380,411 | 1,079,496 |
| Administrative expenses | | (1,648,117) | (1,601,373) |
| OPERATING LOSS | 2 | (1,267,706) | (521,877) |
| Interest receivable | | 228 | 261 |
| Interest payable and similar charges | 5 | (496) | (102) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (1,267,974) | (521,718) |
| Taxation | 6 | - | - |
| LOSS FOR THE FINANCIAL YEAR | 18 | <u>(1,267,974)</u> | <u>(521,718)</u> |

The operating loss for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

Byotrol Technology Limited

BALANCE SHEET

31 March 2011

Company Registration No: 5469392

| | Notes | 2011 £ | 2010 £ |
|---------------------------------------|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | <u>148,935</u> | <u>159,837</u> |
| CURRENT ASSETS | | | |
| Stocks | 8 | 418,180 | 547,629 |
| Debtors | 9 | 1,133,542 | 1,250,670 |
| Cash at bank and in hand | | <u>88,728</u> | <u>439,078</u> |
| | | 1,640,450 | 2,237,377 |
| CREDITORS | | | |
| Amounts falling due within one year | 10 | <u>6,582,572</u> | <u>5,941,118</u> |
| NET CURRENT LIABILITIES | | <u>(4,942,122)</u> | <u>(3,703,741)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(4,793,187)</u> | <u>(3,543,904)</u> |
| CREDITORS | | | |
| Amounts falling due after one year | 11 | <u>5,013</u> | <u>-</u> |
| TOTAL ASSETS LESS LIABILITIES | | <u>(4,798,200)</u> | <u>(3,543,904)</u> |
| CAPITAL AND RESERVES | | | |
| Called up equity share capital | 17 | 2 | 2 |
| Capital contribution reserve | 18 | 220,792 | 207,114 |
| Profit and loss account | 18 | <u>(5,018,994)</u> | <u>(3,751,020)</u> |
| DEFICIT | 19 | <u>(4,798,200)</u> | <u>(3,543,904)</u> |

The financial statements on pages 5 to 16 were approved by the board of directors and authorised for issue on 20 December 2011 and are signed on their behalf by



R W Bell
(Director)

Byotrol Technology Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

GOING CONCERN

As at 31 March 2011 the Company had net liabilities of £4,798,200. Byotrol plc, the parent undertaking and ultimate controlling party, has confirmed its intention to provide such financial support as is necessary to the Company so as to enable it both to meet its liabilities as they fall due and carry on its business without a significant curtailment in operations until a date at least twelve months from the date of approval of these financial statements.

Byotrol plc has prepared accounts 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 being able to generate significant revenues and free cash flow. Byotrol plc successfully strengthened its balance sheet through a limited share placing in November 2011 which raised £2.46m gross. Associated costs were £0.2m. The Directors believe that Byotrol plc now has sufficient cash resources together with these forecast revenue streams to continue to support the Company for the foreseeable future. The directors have prepared projected cashflow information for the period ending 12 months from the date of approval of these financial statements.

The directors confirm that they are satisfied that the Group has 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.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised 1996) from including a cashflow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

TURNOVER

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax. Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for products provided 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.

RESEARCH AND DEVELOPMENT

Research and development expenditure is written off in the year in which it is incurred.

FIXED ASSETS

All fixed assets are initially recorded at cost.

Byotrol Technology Limited

ACCOUNTING POLICIES

DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | | |
|--------------------|-------|---------------------|
| Leasehold Property | 33.3% | on straight line |
| Plant & Machinery | 20% | on straight line |
| Motor Vehicles | 25% | on reducing balance |
| Equipment | 33.3% | on straight line |

The carrying values of the tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

LEASING AND HIRE PURCHASE COMMITMENTS

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payments is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

GOVERNMENT GRANTS

Income from government grants is credited to the profit and loss account as the relevant expenditure is incurred and paid.

PENSION COSTS

The company operates a defined contribution scheme whereby contributions are charged to the profit and loss account as incurred.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Byotrol Technology Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets or financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial information in conformity with United Kingdom Accounting Standards 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

The Company incurred a loss for the year of £1,267,974 and has net liabilities of £4,798,200 at 31 March 2011. The Company is reliant upon the continuation of funding provided by its parent company, Byotrol plc, to enable it to continue to meet its debts as they fall due. The directors of Byotrol plc have confirmed in writing that such funding will be available. Accordingly the directors have prepared the financial statements on the going concern basis.

Provision against doubtful debts

The directors have considered the carrying value of trade debtors and have concluded that there is reasonable evidence to suggest certain trade debts will not be provided for in full and have reflected a provision against the value of trade debtors in the accounts.

Research & Development

All research and development costs are charged to the profit and loss account as they are incurred.

SHARE BASED PAYMENTS

The company has applied the requirements of FRS 20 Share-based Payments. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were not vested as of 1 January 2006.

The parent company issues options to purchase ordinary shares in the parent company to certain of the group's 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 is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing 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.

Byotrol Technology Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1 TURNOVER

The turnover of the company for the period has been derived from its principal continuing activity

The analysis by geographical area of the turnover by destination is set out below

| | 2011 | 2010 |
|-------------------|------------------|------------------|
| | £ | £ |
| United Kingdom | 1,175,931 | 1,980,246 |
| Rest of the World | 348,244 | 501,654 |
| | <u>1,524,175</u> | <u>2,481,900</u> |

2 OPERATING LOSS

Operating loss is stated after charging/(crediting)

| | 2011 | 2010 |
|---|----------------|--------------|
| | £ | £ |
| Government grant income | (121,744) | - |
| Research and development expenditure written off | 364,782 | 301,443 |
| Depreciation of fixed assets – owned | 45,371 | 42,381 |
| Depreciation of fixed assets – held under hire purchase | 1,424 | - |
| Profit on disposal of fixed assets | (2,886) | - |
| Auditor's fees – audit | 9,975 | 9,500 |
| Operating lease costs – motor vehicles | 12,845 | 30,381 |
| Net (profit) / loss on foreign currency translation | <u>(1,797)</u> | <u>5,661</u> |

A full breakdown of all amounts paid to Baker Tilly UK Audit LLP is disclosed in the notes to the consolidated accounts of the company's parent undertaking Byotrol plc

3 DIRECTORS EMOLUMENTS

The directors were remunerated for their services by the parent company. Director's remuneration is disclosed in the parent company accounts.

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

| | 2011 | 2010 |
|--|-----------|-----------|
| | No | No |
| Number of distribution staff | 3 | 3 |
| Number of administrative & sales staff | 15 | 17 |
| Number of research & development staff | 7 | 6 |
| | <u>25</u> | <u>26</u> |

The aggregate payroll costs of the above were:

| | 2011 | 2010 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 684,760 | 623,301 |
| Social security costs | 72,485 | 66,145 |
| Other pension costs | 18,069 | 18,942 |
| | <u>775,314</u> | <u>708,388</u> |

Byotrol Technology Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

5 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2011 £ | 2010 £ |
|------------------------|------------|------------|
| Bank interest | 101 | 102 |
| Hire purchase interest | 395 | - |
| | <u>496</u> | <u>102</u> |

6 TAXATION ON ORDINARY ACTIVITIES

There is no tax charge as the company has made losses in both the current and previous year.
The nil charge for the year is reconciled to the loss per the Profit and Loss Account as follows

| | 2011 £ | 2010 £ |
|---|--------------------|------------------|
| Loss on ordinary activities before taxation | <u>(1,267,974)</u> | <u>(521,718)</u> |
| Loss on ordinary activities by rate of tax 28% (2010 28%) | (355,033) | (146,081) |
| Expenses not deductible for tax purposes | 18,056 | 20,691 |
| Depreciation for period in excess of Capital Allowances | (8,061) | 3,279 |
| Unrelieved tax losses | <u>345,038</u> | <u>122,111</u> |
| Total current tax | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

The company had a potential deferred tax asset in respect of unutilised trading losses of £1,342,206 (2010 £958,424) at the end of the year for off set against future trading profits of the company. The availability of such losses will hence reduce future corporation tax charged on the company's profits at the rate then in force. The potential saving in corporation tax assessable on the company in respect of these losses has not been recognised as a deferred tax asset as in the directors' opinion the criteria for recognition of such an asset as defined by Financial Reporting Standard 19 has not been met.

Byotrol Technology Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

7 TANGIBLE FIXED ASSETS

| | Leasehold Property £ | Plant & Machinery £ | Motor Vehicles £ | Equipment £ | Total £ |
|---------------------|----------------------------|---------------------------|------------------------|----------------|----------------|
| Cost | | | | | |
| At 1 April 2010 | 22,647 | 120,672 | 74,853 | 78,130 | 296,302 |
| Additions | - | 13,362 | 11,389 | 12,506 | 37,257 |
| Disposal | - | - | (1,700) | - | (1,700) |
| At 31 March 2011 | <u>22,647</u> | <u>134,034</u> | <u>84,542</u> | <u>90,636</u> | <u>331,859</u> |
| Depreciation | | | | | |
| At 1 April 2010 | 22,647 | 22,155 | 23,586 | 68,077 | 136,465 |
| Charge for the year | - | 25,516 | 14,045 | 7,234 | 46,795 |
| On disposal | - | - | (336) | - | (336) |
| At 31 March 2011 | <u>22,647</u> | <u>47,671</u> | <u>37,295</u> | <u>75,311</u> | <u>182,924</u> |
| Net book value | | | | | |
| At 31 March 2011 | <u>-</u> | <u>86,363</u> | <u>47,247</u> | <u>15,325</u> | <u>148,935</u> |
| At 31 March 2010 | <u>-</u> | <u>98,517</u> | <u>51,267</u> | <u>10,053</u> | <u>159,837</u> |

Included within the net book value of £148,935 is £9,765 (2010 £nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,424 (2010 £nil).

8 STOCK

| | 2011 £ | 2010 £ |
|----------------|----------------|----------------|
| Raw materials | 173,852 | 223,066 |
| Finished goods | 244,328 | 324,563 |
| | <u>418,180</u> | <u>547,629</u> |

9 DEBTORS

| | 2011 £ | 2010 £ |
|----------------------------------|------------------|------------------|
| Trade debtors | 915,987 | 1,078,036 |
| VAT recoverable | - | 84,100 |
| Amount owed by group undertaking | 37,945 | - |
| Other debtors | 179,610 | 88,534 |
| | <u>1,133,542</u> | <u>1,250,670</u> |

Byotrol Technology Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

10 CREDITORS Amounts falling due within one year

| | 2011 | 2010 |
|---|------------------|------------------|
| | £ | £ |
| Trade creditors | 192,648 | 539,776 |
| Amount owed to group undertaking | - | 21,401 |
| Amount owed to parent company | 6,294,939 | 5,253,072 |
| Other taxation and social security | 7,505 | 39,926 |
| Net obligations under hire purchase contracts | 3,167 | - |
| Other creditors | 84,313 | 86,943 |
| | <u>6,582,572</u> | <u>5,941,118</u> |

Hire purchase contracts are secured on the assets to which they relate

11 CREDITORS Amounts falling due within one year

| | 2011 | 2010 |
|---|--------------|----------|
| | £ | £ |
| Net obligations under hire purchase contracts | 5,013 | - |
| | <u>5,013</u> | <u>-</u> |

Future commitments under hire purchase agreements are as follows

| | 2011 | 2010 |
|-------------------------------------|--------------|----------|
| | £ | £ |
| Amounts payable within one year | 3,167 | - |
| Amounts payable between 2 – 5 years | 5,013 | - |
| | <u>8,180</u> | <u>-</u> |

12 PENSIONS

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. At 31 March 2011 there were outstanding contributions of £3,190 (2010 £2,720) included within other creditors.

13 COMMITMENTS UNDER OPERATING LEASES

The company had no annual commitments under non-cancellable operating leases at 31 March 2011.

14 CONTINGENCIES

The company had no contingent liabilities at 31 March 2011.

Byotrol Technology Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

15 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Byotrol plc, a company whose consolidated financial statements are publicly available. Consequently no details of intragroup transactions are included in these statements, as the company has taken the exemption from disclosure available in Financial Reporting Standard 8

The company has a trading relationship with HMG Paints Limited, a wholly owned subsidiary of H Marcel Guest Limited a company of which Stephen Falder is a director and shareholder HMG Paints Limited has a manufacturing agreement with the company and also provides, on an arm's length basis, office facilities and services in the UK The company purchased £7,514 of product (2010 £26,828) and £195,062 of services (2010 £185,017) from HMG Paints during the period The balance due at the year end is £28,370 (2010 £7,506)

16 SHARE BASED PAYMENTS

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

Details of the share options outstanding during the year are as follows

| | 2011 | | 2010 | |
|---------------------------------------|------------------|-------------|----------------|-------------|
| | Number of | Weighted | Number of | Weighted |
| | share options | average | share options | average |
| | | exercise | | exercise |
| | | price | | price |
| | | (in p) | | (in p) |
| Outstanding at beginning of year | 615,000 | 39.3 | 530,000 | 52.2 |
| Share options granted during the year | 500,000 | 16.8 | 195,000 | 13.0 |
| Share options lapsed during the year | (65,000) | 29.2 | (110,000) | 54.6 |
| Outstanding at the end of the year | <u>1,050,000</u> | <u>29.2</u> | <u>615,000</u> | <u>39.3</u> |

The Company recognised the following expenses related to share-based payments

| | 2011 | 2010 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Charged to Profit and Loss Account | <u>13,678</u> | <u>25,119</u> |

Byotrol Technology Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

16 SHARE BASED PAYMENTS (continued)

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

| | New Grants |
|--|------------|
| Grant date | 13/12/10 |
| Share price at grant date | 16.75p |
| Exercise price | 16.75p |
| Number of employees | 3 |
| Share options granted | 500,000 |
| Vesting period (years) | 1 – 2 |
| Expected volatility | 85.1% |
| Option life (years) | 10 |
| Expected life (years) | 5 |
| Risk free rate | 1.50% |
| Expected dividends expressed as a dividend yield | 0.00 |
| Fair value per option | 12.0p |

The options outstanding at 31 March 2011 had a weighted average exercise price of 29.2p and a weighted average remaining contractual life of 7.4 years.

The aggregate of the estimated fair values of the options granted in the year is £60,000.

The number of options exercisable at 31 March 2011 is 170,000 (2010: 270,000).

At 31 March 2011 there were options outstanding over 1,050,000 (2010: 615,000) ordinary shares of 0.25p each which are exercisable at prices in the range from 13p to 59p under the company's various share option scheme exercisable at various times until 23 June 2020.

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.

17 SHARE CAPITAL

| | 2011 £ | 2010 £ |
|------------------------------------|--------------|--------------|
| Authorised | | |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| | 2011 £ | 2010 £ |
| Allotted, called up and fully paid | | |
| 2 Ordinary shares of £1 each | <u>2</u> | <u>2</u> |

Byotrol Technology Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

18 RESERVES

PROFIT AND LOSS ACCOUNT

| | 2011 £ | 2010 £ |
|-----------------------------|--------------------|--------------------|
| At 1 April | (3,751,020) | (3,229,302) |
| Loss for the financial year | (1,267,974) | (521,718) |
| At 31 March | <u>(5,018,994)</u> | <u>(3,751,020)</u> |

CAPITAL CONTRIBUTION RESERVE

| | 2011 £ | 2010 £ |
|--------------------------|----------------|----------------|
| At 1 April | 207,114 | 181,995 |
| Share based compensation | 13,678 | 25,119 |
| At 31 March | <u>220,792</u> | <u>207,114</u> |

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | 2011 £ | 2010 £ |
|---------------------------------------|--------------------|--------------------|
| Loss for the financial year | (1,267,974) | (521,718) |
| Share based compensation | 13,678 | 25,119 |
| Net increase in shareholder's deficit | (1,254,296) | (496,599) |
| Opening shareholder's deficit | (3,543,904) | (3,047,305) |
| Closing shareholder's deficit | <u>(4,798,200)</u> | <u>(3,543,904)</u> |

20 PARENT UNDERTAKING

The company's parent undertaking is Byotrol plc. This is the largest and smallest group for which consolidated results are presented and of which the company is included. Copies of its consolidated financial statements, which include the company, are available from Riverside Works, Collyhurst Road, Manchester, M40 7RU.

21 ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Byotrol plc, a company listed on AIM. The directors therefore consider there is no single ultimate controlling interest.