

FOR IMMEDIATE RELEASE

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## **BIOQUELL PLC**

### **Interim Management Statement**

BIOQUELL PLC (“BIOQUELL”) (LSE symbol: BQE) - provider of specialist bio-decontamination technologies to the healthcare, life sciences and defence sectors - announces its Interim Management Statement for the period from 1 July, 2009 to 18 November, 2009.

#### **Financial position and performance of the Company**

Group revenues in the four month period between July 2009 and October 2009 were broadly in line with the Board’s forecasts and were ahead of the same period last year.

The Group continues to have a strong balance sheet with a significant net cash position and an unused overdraft facility.

#### *Healthcare*

At the beginning of November BIOQUELL launched the Q-10, a new bio-decontamination product specifically engineered for use in hospitals. This product uses BIOQUELL’s hydrogen peroxide vapour (“HPV”) bio-decontamination technology to eradicate problematic micro-organisms – comprising bacteria, viruses and fungi (“superbugs”) – from the hospital environment. Published research has shown that the use of BIOQUELL’s bio-decontamination technology can reduce the rate of hospital acquired infection (“HAI”).

The Q-10 has been developed by drawing upon BIOQUELL’s unique RBDS – Room Bio-Decontamination Service - expertise. By way of example, the Group estimates that it is currently ‘bioquelling’ approximately 1,000 hospital rooms per month via its RBDS service, and hence has exploited this knowledge base to develop its new Q-10 “superbug” eradication technology. The Group believes that sales of the Q-10 will help promote sales of the RBDS service and vice versa. The Q-10 has also been developed using components and technology used in BIOQUELL’s existing range of room / equipment bio-decontamination equipment which is currently sold principally into the life sciences sector.

The Q-10 includes a hydrogen peroxide consumable and the Group anticipates that in the future the proportion of its revenues derived from consumables will increase. The launch of this new product is also enhanced by BIOQUELL’s new QuAD system – comprising a PDA/web-based electronic quality assurance data capture system - which enables hospitals’ infection control teams and administrators to monitor the use

of BIOQUELL's equipment and services against HCAI. (Further information on the Q-10 is contained on BIOQUELL's website: [www.bioquell.com](http://www.bioquell.com).)

BIOQUELL announced on 16 October, 2009 that the NHS Purchasing and Supply Agency ("PASA") had awarded BIOQUELL a framework agreement for the supply of bio-decontamination equipment and specialty services into NHS hospitals. A number of the responsibilities of PASA have now been transferred to OGC Buying Solutions which is an Executive Agency of the Office of Government Commerce in the Treasury. BIOQUELL's PASA submission included information relating to the new Q-10 and accordingly this new product is included on the PASA (and now the OGC Buying Solutions) framework agreement - which is expected to facilitate the purchase of this new product by NHS hospitals.

Initial interest in the Q-10 has been strong and an encouraging number of quotes have already been raised.

As expected, rates of *Clostridium difficile* ("*C.diff*") infection started to increase in the autumn in North America and Europe - and BIOQUELL is now seeing encouraging levels of demand for its unique RBDS service to help eradicate *C.diff* from the hospital environment. This seasonal increase in *C.diff* should also help promote sales of the new Q-10.

#### *Life Sciences*

Sales of the Group's bio-decontamination technology into the Life Sciences sector continues to be satisfactory although it is clear that a number of large multinational pharmaceutical groups are reducing investment in the Western hemisphere, in some cases prior to the end of the year, including limiting capital expenditure and implementing headcount reductions. To date BIOQUELL has not been significantly adversely affected by this reduction in investment. In contrast, it is also becoming clear that the investment earlier this year to establish BIOQUELL AsiaPacific, located in Singapore, was timely as demand for the Group's products and services in Asia is beginning to increase; and as a general trend investment in Asia is increasing by the large pharmaceutical groups.

#### *Defence*

BIOQUELL continues to allocate significant resources from its UK-based research & development, engineering and design teams on the fulfilment of the System Development and Demonstration ("SDD") phase of the US Department of Defense's ("DoD") Joint Materials Decontamination System ("JMDS") programme, which uses BIOQUELL's unique HPV technology to decontaminate biological and chemical warfare agents. JMDS is a cost-plus contract. The JMDS programme schedule is in the process of being reviewed by the DoD. We anticipate that the SDD phase will be extended and accordingly BIOQUELL will be required to carry out more fee-earning work prior to the completion of SDD.

Demand for the Group's specialist CBRN filtration systems have been subdued in the period although BIOQUELL's Defence team has been

working on a number of substantial contract submissions which relate to programmes which would start in 2010.

*TRaC*

Trading in TRaC, the Group's specialist testing, regulatory and compliance division, has been good, taking into account the challenging economic climate in the UK. To some extent the recession appears to be encouraging some UK-based technology groups to increase the proportion of outsourcing of their testing and compliance requirements – and this is helpful for TRaC.

*Other*

To provide the space required to fulfil the expected demand for the new Q-10 product - as well as other BIOQUELL products for the life sciences sector – the Bio-decontamination division's manufacturing and RBDS activities will be moved into the building acquired earlier in the year which is located next to the Group's headquarters in Andover. This move is planned for the end of the year.

- Ends -

**Enquiries**

Nigel Keen  
Nick Adams  
Mark Bodeker

BIOQUELL PLC

01264 835 900