

Bioquell: 2011 interim results & update on building the Group

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BIO-DECONTAMINATION: EQUIPMENT, SERVICE & CONSUMABLES

Technology	Life Sciences	Healthcare	Defence
<p>HPV: hydrogen peroxide vap. AOP: aq. oxygen peroxide</p> <p>Eradicate micro-organisms</p> <p>↓</p> <p>bacteria viruses fungi</p> <p>catalytic filter</p> <p>↓</p> <p>Water vapour and/or oxygen ("green" technology)</p>	<ul style="list-style-type: none"> research clinical trials production biologically-derived drugs aseptic processes / facilities international growth, particularly emerging markets 	<ul style="list-style-type: none"> eradication of pathogens causing "Hospital Acquired Infection" (HAI) reduction in HAI rates MRSA, <i>C.difficile</i>, Gram-negative rods, norovirus increasing service provision (cf. equipment sales) BioxyQuell & woundcare 	<ul style="list-style-type: none"> decontamination of biological and chemical warfare agents JSSSED (DoD) prototype systems undergoing preliminary testing opportunities relating to JPID (similar to JSSSED) CBRN filtration systems
	----- Hospital pharmacy -----		

TRaC: TESTING, REGULATORY AND COMPLIANCE

Services	Services cont./	Clients	Facilities
<ul style="list-style-type: none"> EMC Environmental telecoms 	<ul style="list-style-type: none"> wireless / radio safety consultancy (FEA, seismic) 	<ul style="list-style-type: none"> UK-based military, aerospace, telecoms R&D and product development 	<ul style="list-style-type: none"> 7 sites across UK newly opened site in NW of UK investment in (final) SW site ongoing

Summary Group financial data

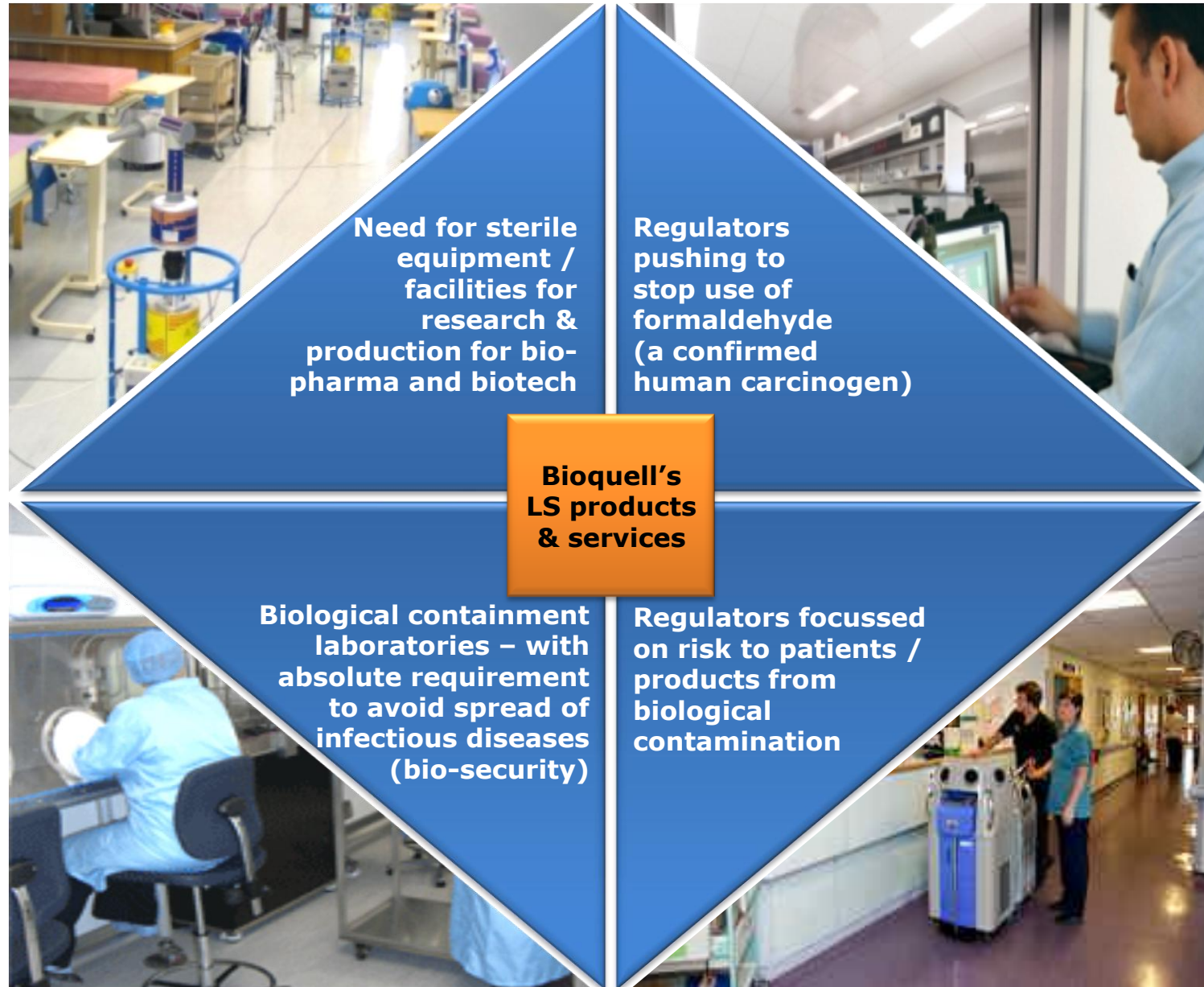
(£m)	2011	2010	Comment
Orders	23.9	21.0	14% increase in orders – good result
Revenues	20.0	18.0	13% increase in revenues
Gross margin %	45%	43%	
Sales & marketing	(3.3)	(3.6)	Overheads broadly unchanged
Administration	(2.5)	(2.4)	
R&D & Engineering	(1.1)	(1.3)	
Overheads	(6.9)	(7.3)	H1 2011 includes £0.4m of FX gain (so no “real” reduction)
Profit before tax	2.0	0.5	4x increase in profit: revs ↑; GM ↑; overheads flat
EPS (basic)	3.5p	1.0p	
Net assets	25.3	22.6	Strong balance sheet able to fund significant organic growth (Bio-decon & TRaC)
Net cash	4.6	3.4	

Other financial data

(£m)	2011	2010	Comment
Bio-decontamination division			
Orders	16.7	14.3	17% increase in orders – good result
Revenues	13.4	11.9	13% increase in revenues
% exports	76%	76%	Continuing substantial overseas sales

TRaC division			
Orders	7.2	6.7	7% increase in orders
Revenues	6.6	6.1	8% increase in revenues
% export	16%	8%	Clients still essentially UK-based – but more specialist work for overseas clients (eg Japan, US)

Life Sciences – sector drivers



Life Sciences – international drivers

Multi-nationals driving expansion

Developing economies

China – Ministry of Agriculture research laboratories contract

Brazil – Instituto Butantan (Sao Paulo): largest producer of immuno-biologicals & bio-pharmaceuticals in Latin America

India – large pharmaceutical sector (research & production)

Other developing economies – eg Mexico

Developed economies

North America
Europe

- regulatory pressure re. bio-contamination
- risk of bio-contamination
- key R&D retained...
- ...production transferred to developing economies

 **Bio-decontamination service and equipment sales**

Healthcare – eradication of HAI



Hospital acquired infection (“HAI”) still a major problem for hospitals...

...although nature of problem evolving (literally)

Most problematic pathogens

- *C. difficile* – NB new hyper-virulent strain
- Gram-negative bacteria (“GNB”) – increasingly resistant to all antibiotics, and a major issue in some developing economies



GNBs affect Intensive Care Units (ICUs) – which are critical for the provision of modern, complex surgery

HAI problems seen in developing economies are often far worse than in North America / Europe

- HAI transmission is a particular issue in open multi-bed ICUs

➔ Good progress in UK in H1; slower in the US

Healthcare – eradication of HAI

Service

Emergency

CTS*

Scheduled

Proactive

Equipment

Q-10 suite

Ancillaries

Training

Consumables

Equipment service



* Committed Technology Service

Hospital pharmacy



- increasing / evolving regulatory pressure to prepare intravenous drugs under sterile (aseptic) conditions
- high throughput and minimised “prescription to patient” time are important drivers
- range of applications: intravenous antibiotics through to next generation personalised medicine (eg stem-cell / gene therapy)
- need for therapeutics to be prepared close to the patient – hence external outsourcing challenging

➔ Hospital pharmacy applications are growing and represent the interface between the Life Sciences and Healthcare sectors

Defence

HPV-based decontamination

- involved with further preliminary testing of JSSED units, manufactured for the DoD last year
- planning to submit proposals for JPID
- draft JPID requirements similar to JSSED
- timing and quantum of revenues unclear

CBRN filtration & env. control

- good performance in H1
- secured a £4m CBRN contract for a Malaysian defence Group
- development of a new product for this sector
- working on a number of other CBRN opportunities

Glossary:

HPV: Hydrogen peroxide vapour

DoD: US Department of Defense

JSSED: Joint Service Sensitive Equipment Decontamination

JPID: Joint Platform Interior Decontamination System

CBRN: Chemical, Biological, Radiological, Nuclear

RFP: Request for Proposal

 ***Our defence / defense business is continuing to grow – and there are a number of interesting opportunities in this market***



Formal authorisation to market the product has been recommended by the relevant regulatory body

- anticipate final certification will be issued shortly



External statistical adviser suggests RCT* will not get to statistical significance

- stopped RCT to examine scientific data generated by the trial so far
- data used to optimise the product application



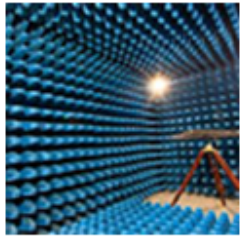
Continuing to work on commercialisation

- intend to start to use BioxyQuell technology in clinics close to Andover HQ

TRaC: www.tracglobal.com

TRaC provides a complete and streamlined approval process to meet all of your testing & analysis needs.

Our highly qualified and experienced staffs are able to provide consultancy and support throughout the development cycle that reduce the risk of products failing certification testing. We are an active participant with European and international committees to develop standardised test methods which ensures we are fully up-to-date with the correct, most applicable, standards.



EMC Testing UK - Electromagnetic Compatibility EMC Testing

TRaC provide an extensive range of Electromagnetic Compatibility (EMC) testing and EMC consultancy services, from pre-compliance to full EMC testing.

[Read more...](#)



Radio Testing

TRaC provide a complete and streamlined process to meet the radio testing, certification and approval requirements to take your radio product to market.

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Telecoms Testing

TRaC's extensive range of telecom testing and telecom consultancy services is used by many of the world's largest telecoms manufacturers. TRaC's Telecom Testing will ensure your products comply with all essential regulatory requirements.

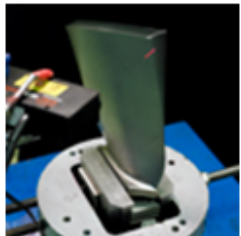
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Safety Testing

TRaC Safety Testing is a leading provider of electrical safety testing and certification of electrical products to ensure full compliance with national and international electrical product safety requirements.

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Environmental Testing

TRaC's environmental testing ensures a product can withstand the environment within which it has to operate, be stored or transported, and environmental testing critical to its success.

[Read more...](#)

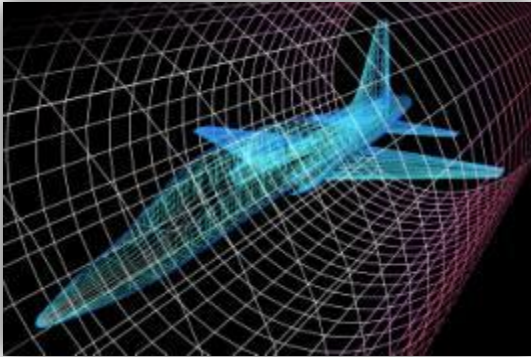


Early Stage Qualification (ESQ)

TRaC's ESQ services deliver world class strategies that steer systems compliance at programme management level.

[Read more...](#)

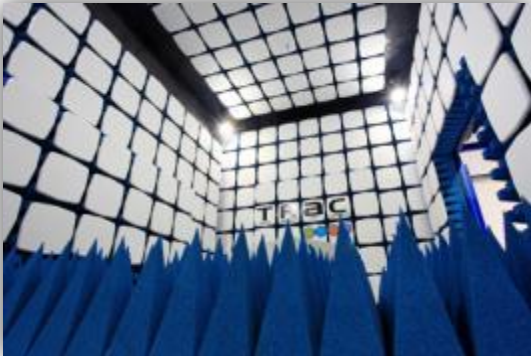
TRaC: Testing, Regulatory and Compliance division



Leading independent UK testing business

Continuing growth of the business – largely by taking market share

- new European regulations helping drive revenues (eg 1Ghz emissions for ITE manufacturers)



Launch of ESQ consulting business: Early Stage Qualification

- using TRaC's existing in-house experts
- expect the consultancy business will drive further testing work to TRaC



Good progress made on investment in new TRaC facilities:

- completion of development of North West facility
- renovation underway at a new testing facility in the South West

Outlook & prospects

Growth

Further international (NB developing countries) growth expected in Biodecon division:

- Life Sciences
- Healthcare
- Defence

TRaC performing strongly

Product development

New products / services under development

- some will reach the market next year
- continuing migration of business model from capex to service / consumables

Funding

Strong balance sheet

Able to fund profitable development / expansion of both divisions

- product development
- international sales network(s)
- TRaC facilities



Bioquell is well positioned for international organic growth