



FOR IMMEDIATE RELEASE

18 November, 2011

## **Bioquell PLC**

### **Interim Management Statement**

Bioquell PLC ("Bioquell") (LSE symbol: BQE) - provider of specialist bio-decontamination technologies to the international Healthcare, Life Sciences & Defence markets, and specialist testing services in the UK - announces its Interim Management Statement for the period from 1 July, 2011 to 17 November, 2011.

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

Group revenues in the period ending October 2011 were ahead of the same period for last year and were in line with the Group's expectations.

##### *Life Sciences*

We continue to see encouraging demand internationally for Bioquell's bio-decontamination technology from companies and organisations operating in the Life Sciences sector. We are expanding our international sales networks which should result in further growth in revenues from this sector. Increased demand for our unique bio-decontamination services has mitigated recent softening for capital-investment related equipment orders in certain territories including parts of the Eurozone and, following severe flooding, Thailand.

We have made good progress in the period on the development of new products – which incorporate captive consumable cartridges - for the Life Sciences sector and are in the process of expanding our manufacturing capabilities at our headquarters in Andover (UK) in advance of their launch next year.

##### *Healthcare*

We are seeing increasing demand for our bio-decontamination equipment and services in the healthcare sector. Antibiotic-resistant Gram negative bacteria represent a significant – and in many cases increasing – challenge for hospitals around the world. In line with this increasing demand we are expanding our service-based product offerings to the Healthcare sector – and are also working on expanding our international service coverage, particularly in the developing markets.

BioxyQuell - our wound-care product – has now received a CE mark and is approved for marketing in Europe. We are discussing possible commercialisation models in the UK with third parties.

#### *Defence*

The United States Department of Defense (“DOD”) recently announced that it has cancelled the Joint Program Interior Decontamination (“JPID”) program and accordingly we will not now be submitting a proposal for JPID relating to the prototype equipment (used to decontaminate biological and chemical warfare agents) we have developed for the DOD since 2007. However, work is continuing on testing this prototype equipment; and we believe that the generation of chemical warfare agent decontamination data would stimulate demand for this novel and unique product.

We are working on a number of interesting opportunities relating to chemical, biological, radiological and nuclear (“CBRN”) filtration systems and environmental control systems for use in military vehicles or facilities around the world.

#### *TRaC*

TRaC – the Group’s specialist testing, regulatory and compliance division – continues to perform well. The new southern site at Three Legged Cross, near Ringwood in Dorset, is nearing completion – and there are already encouraging signs relating to activity levels in this new facility. TRaC continues to expand the range and scope of its services which we anticipate will contribute further to organic revenue growth.

#### *Outlook and prospects*

We are making good progress in our bio-decontamination division in changing our business model to increase the proportion of specialist service and captive consumable cartridge revenues, and reduce our dependence on capital equipment sales. We anticipate this change in business model will become increasingly important as capital budgets are reduced in the face of global deleveraging, particularly from government-funded organisations. Underlying demand for our unique and world class bio-decontamination technology remains strong in the Life Sciences and Healthcare sectors, and we see interesting opportunities for our defence business. Moreover, TRaC continues to see good demand for its specialist testing services.

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

- Ends -

#### **Enquiries**

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**Notes to editors:**

- Bioquell is a UK-headquartered, international technology company with two divisions:
  - **Bio-decon** which sells specialist bio-decontamination products and services into the Healthcare, Life Sciences and Defence sectors, with most of its revenues generated from overseas customers; and
  - **TRaC** which provides specialist Testing, Regulatory and Compliance services principally to UK corporates.
- Bioquell’s bio-decontamination technology is principally based around hydrogen peroxide vapour (“HPV”) – which is highly efficacious at eradicating micro-organisms such as bacteria and viruses at room temperature – and is subsequently broken down using specialist catalysts to water vapour and oxygen at the end of the bio-decontamination process.
- Bioquell’s bio-decontamination technology:
  - is used by bio-pharmaceutical, biotechnology and research institutions to provide sterile equipment and/or sterile working environments;
  - is used to eradicate the pathogens which cause Hospital Acquired Infection (“superbugs”) from hospitals. Independent scientific research has demonstrated that ‘bioquelling’ hospital equipment and facilities reduces significantly the rates of Hospital Acquired Infection;
  - has been incorporated in a wound-care product – BioxyQuell – which has received regulatory approval via a CE mark;
  - was selected by the United States Department of Defense for the JSSED programme to decontaminate sensitive equipment against biological and chemical warfare agents; and
  - is also used in other sectors where bioburden can create significant problems including, for example, the food industry
- Bioquell currently has overseas operations in the USA, France, Ireland, Singapore and China.
- TRaC sells its specialist services from six well-invested facilities located throughout England to the product development departments of a broad range of companies, principally based in the UK, with a particular focus on aerospace, military and telecoms clients.