



FOR IMMEDIATE RELEASE

13 May, 2013

Bioquell PLC

Interim Management Statement

Bioquell PLC (“Bioquell”) (LSE symbol: BOE) - provider of specialist bio-contamination control technologies to the international Healthcare, Life Sciences & Defence markets; and specialist testing services in the UK via its TRaC division, today announces its Interim Management Statement for the period from 1 January, 2013 to 12 May, 2013.

Financial position and financial performance of the Company

Group orders and revenues in the period ending April 2013 were ahead of the same period for last year.

The Group has a strong balance sheet.

Re-configuration of the Group’s Biological contamination control (“Bio-decon”) division

In the Group’s 2012 preliminary results published on 19 March, we announced that:

“In 2013 the Bio-decon division is expected to increase substantially its revenues generated from the Healthcare sector – in large part as a result of strong demand for the ICE-pod which is requiring us to invest in and reconfigure parts of our business to enable us to satisfy demand.”

We are continuing to see strong interest in, and demand for, our new ICE-pod (Infection Control Enclosure) service rental product. The ICE-pod allows hospitals to convert bed spaces in open wards – often referred to as ‘Nightingale wards’ - into single rooms in order to reinforce standard infection control measures, improve patient privacy and dignity as well as facilitate the ‘bioquelling’ (using the Group’s hydrogen peroxide vapour (“HPV”) bio-decontamination technology) of bed spaces in approximately one hour.

We are also seeing international interest, from clients in the Life Sciences and Healthcare sectors, in the QUBE – our recently launched novel aseptic work station which is produced in our Andover facilities using proprietary manufacturing techniques.

The Group is focussed on growing revenues and profitability from ICE-pod and QUBE related opportunities. Accordingly we have taken a number of important steps this year to reconfigure our Bio-decon division in order to help us capture these opportunities, including:

- redirecting the Bio-decon division’s engineering resources to support and expand the ICE-pod service solutions;

- reducing our investment in other HPV research & development programmes;
- ensuring that our international sales & marketing resources are focussed primarily on securing adoption of the ICE-pod and the QUBE in the territories in which we are active;
- reconfiguring the manufacturing areas in our Andover facilities to improve QUBE and ICE-pod production; and
- freeing up additional manufacturing space by ceasing the production of certain low margin, commoditised laboratory equipment.

We estimate that these steps will reduce the Group's headcount by approximately 40 and will give rise to annualised savings of some £1.2 million. The one-off cost of effecting this reconfiguration will be approximately £1.3 million which will be charged to the profit & loss account in the first half of the current year. The cash cost of effecting this reconfiguration will be approximately £0.7 million.

Life-Sciences

Activity levels in the Life Sciences market so far this year have been slightly more subdued than we were expecting, although underlying demand for the Group's HPV bio-decontamination technology remains encouraging. There is increasing interest in the QUBE and sales of our expanded range of consumables are growing strongly.

Healthcare

Demand in the Healthcare sector for Bioquell's technology is being led by the ICE-pod where domestic demand is strong and which we are beginning to launch in overseas territories. Interest for our HPV technology in the USA has been helped by media interest, following the publication of a research paper, in Johns Hopkins Hospital, Baltimore using Bioquell equipment and services for infection control purposes.

Defence

We have seen higher levels of defence-related activity this year and are working on securing a number of international defence contracts. The US defence market still appears to be subdued as a result of governmental budget cuts and 'sequestration'.

TRaC

TRaC – the Group's Testing, Regulatory and Compliance service business - has had a good start to 2013 and continues to perform well. In particular, many of TRaC's aerospace clients have strong order books as a result of a number of new aircraft being launched onto the market.

Outlook / prospects

Our new products have been configured to achieve high levels of recurring revenues and following the reconfiguration of the Group described above, we have a lower cost base and our Bio-decon division is well positioned to benefit from the sales of our recently launched products and services across our international client base. At the same time TRaC continues to trade well.

- Ends -

Enquiries

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Notes to editors:

- Bioquell is a UK-headquartered, international technology company with two divisions:
 - **Bio-decon** (www.bioquell.com) which sells specialist bio-contamination control products and services into the Healthcare, Life Sciences and Defence sectors, with most of its revenues generated from overseas customers; and
 - **TRaC** (www.tracglobal.com) which provides specialist Testing, Regulatory and Compliance services – including EMC, environmental and safety testing - principally to UK corporates.
- Bioquell's bio-contamination control 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 (hence an extremely 'green' technology) at the end of the biodecontamination process.
- For the last two years Bioquell has invested substantial sums in developing a new product range which has been designed to increase the proportion of recurring revenues from its HPV technology – and hence increase its quality of earnings; this range of new products was launched in the second half of 2012.
- Bioquell's bio-contamination control technology:
 - is used by bio-pharmaceutical, biotechnology and research institutions to provide sterile equipment and/or sterile working environments;
 - is used to eradicate "superbugs" from hospitals; independent scientific research has demonstrated that 'bioquelling' hospital equipment and facilities reduces significantly the rates of hospital acquired infection;
 - is used to provide single rooms to hospitals (via the ICE-pod) which currently only have open, multi-bed "Nightingale" ward structures
 - has been incorporated in a wound-care product – BioxyQuell – which has received regulatory approval for use on chronic wounds in the European Union; and
- Bioquell currently has overseas operations in the USA, France, Ireland, Singapore, China and Brazil. TRaC sells its specialist services to the product development departments of a broad range of companies, principally based in the UK, with a particular focus on organisations operating in the aerospace and military sectors.