

BIOQUELL PLC Annual Report and Accounts 2008

# Leading the world in bio-decontamination solutions



# The BIOQUELL Group comprises two divisions: Decontamination and TRaC (Testing, Regulatory and Compliance)



The **Decontamination division** comprises the hydrogen peroxide vapour (“HPV”) decontamination technology; Chemical, Biological, Radiological and Nuclear (“CBRN”) defence filtration technology and specialist laboratory filtration equipment. The division principally sells into the healthcare, life science and defence sectors.

## Healthcare

Hospital acquired infections, nosocomial pathogens or “superbugs” are increasingly becoming a major issue for senior clinicians and administrators in hospitals around the world. BIOQUELL’s technology is proven to be effective against a wide range of environmentally associated nosocomial pathogens, including Methicillin-resistant *Staphylococcus aureus* (MRSA), *Clostridium difficile*, Vancomycin-resistant *Enterococci* (VRE), *Klebsiella*, *Acinetobacter* and other Gram-negatives multi-drug resistant organisms. BIOQUELL’s technology can be deployed in a variety of ways, including unique decontamination service provision to suit the particular needs of institutions.

## Life sciences

BIOQUELL’s Clarus® HPV equipment has long been the decontamination technology of choice within the biotech, biomedical, biologics and pharmaceutical sectors. The technology is increasingly being used in the food production sector. A range of equipment and services are available that are designed to provide bio-decontamination of equipment, rooms or entire facilities. HPV is the clear choice when replacing traditional formaldehyde or chlorine-based applications offering fast, “residue-free” and repeatable cycles within a sensitive and controlled environment.

## Defence

BIOQUELL’s HPV technology can be used to eradicate biological weapons and chemical weapons from key assets, including sensitive equipment and critical facilities. In addition, the ‘MDH Defence’ product range comprises the design, development, production and support of Collective Protection (COLPRO) systems for the chemical, biological, radiological and nuclear (CBRN) defence of military vehicles and other equipment. BIOQUELL is also working with the United States Department of Defense (DOD) in the production of the Joint Materials Decontamination System (JMDS).



The **TRaC division** comprises specialist service businesses carrying out electro-magnetic compatibility (“EMC”), environmental and telecoms testing. The division principally sells into the military, aerospace and telecoms sectors.

## EMC

From toys to tanks, TRaC offers Electromagnetic Compatibility (EMC) and electrical safety testing to demonstrate conformity with regulating requirements for a range of markets including military and aerospace.

## Environmental

TRaC’s state-of-the-art, 42,000 sq.ft, UKAS- accredited, Environmental and Analysis laboratory provides unrivalled comprehensive independent and confidential testing and Finite Element Analysis (FEA).

## Telecoms

TRaC provides performance and approvals services for telecoms, radio (wireless) and broadband products for compliance against worldwide standards and statutory requirements.

## Contents

### Overview

- 1 Highlights
- 2 Overview
- 2 Bio-decontamination
- 4 TRaC

### Business review

- 6 Chairman’s statement and business review

### Corporate governance

- 10 Directors and advisers
- 11 Directors’ report
- 14 Corporate governance
- 15 Directors’ remuneration report

### Financial statements – Group

- 18 Statement of Directors’ responsibilities
- 19 Independent auditors’ report
- 21 Group accounts
- 22 Consolidated income statement
- 22 Consolidated statement of recognised income and expense
- 23 Consolidated balance sheet
- 24 Consolidated cash flow statement
- 25 Notes to the consolidated financial statements
- 47 Five-year summary

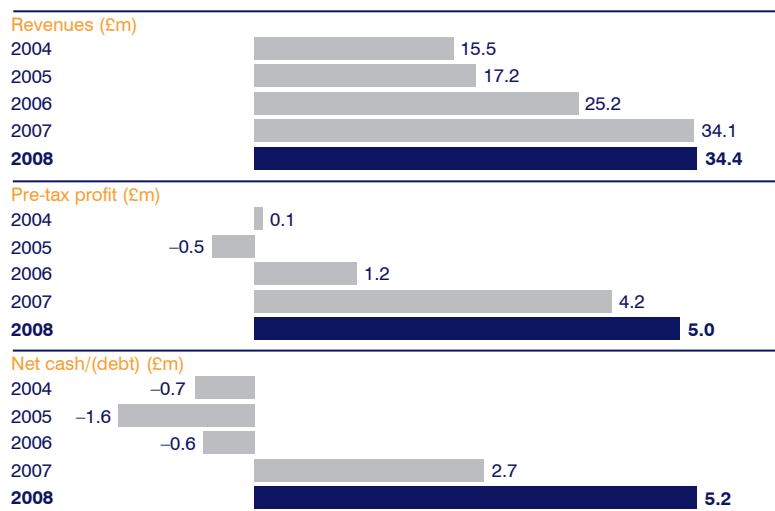
### Financial statements – Company

- 48 Company accounts
  - 49 Statement of Directors’ responsibilities
  - 50 Independent auditors’ report
  - 51 Company balance sheet
  - 52 Notes to the Company financial statements
- IBC BIOQUELL Group directory

## Highlights

## Financial

- **Significant growth** in higher margin decontamination products and services sold into the international healthcare and life sciences sectors – which successfully substituted prior year US defence filtration systems' revenues (Revenues: £34.4 million (2007: £34.1 million))
- **Profit before tax:** £5.00 million (2007: £4.17 million) – increase in pre-tax profit of 20%
- **Basic earnings per share:** 9.0p (2007: 8.9p) – increase of 1.1%, reflecting an increase in the effective tax rate to 25% (2007: 12%)
- **Strong cash flow in the year:** net cash from operating activities increased by 73% to £9.0 million (2007: £5.2 million)
- **Substantial cash on balance sheet:** gross cash of £7.1 million (2007: £3.5 million); net cash of £5.2 million (2007: £2.7 million) – a 93% increase in net cash of £2.5 million.
- **Proposed payment** of a 2.2p dividend per ordinary share (2007: 2.0p), representing a 10% dividend increase over 2007



## Overview

Bio-decontamination

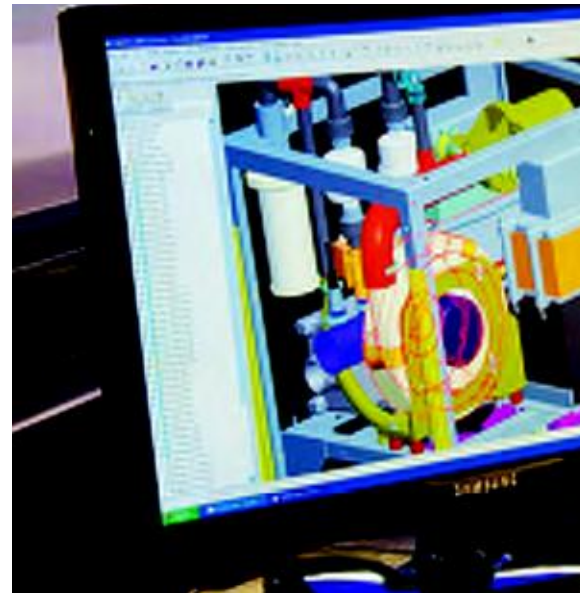
**Bio-decontamination**

- Significant increase in “superbug” decontamination revenues in the healthcare sector, principally relating to service revenues in the UK
- Recent award from the Department of Health and the NHS’ Purchasing and Supply Agency (“PASA”) for the “Innovative new technology offering the greatest contribution in controlling *Clostridium difficile*”
- Substantial increase in decontamination equipment revenues – in the UK and internationally – in the life sciences sector
- First full year of revenues from the US Department of Defense’s Joint Materials Decontamination System development contract, which uses BIOQUELL’s unique hydrogen peroxide vapour technology to decontaminate biological and chemical weapons

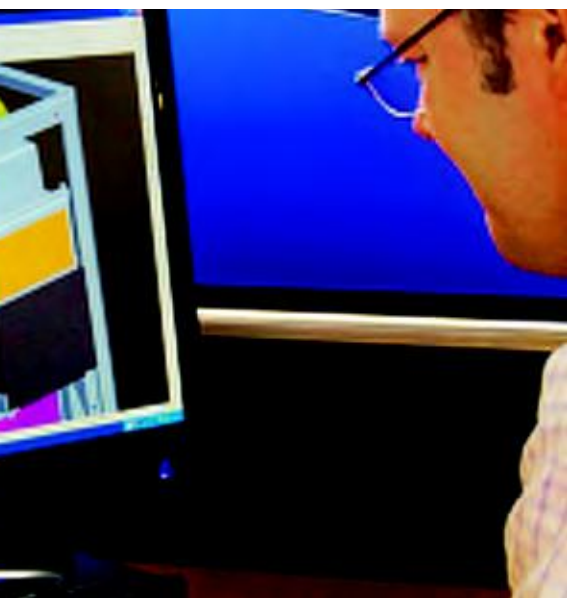


Total revenue 2008

# £23.7m

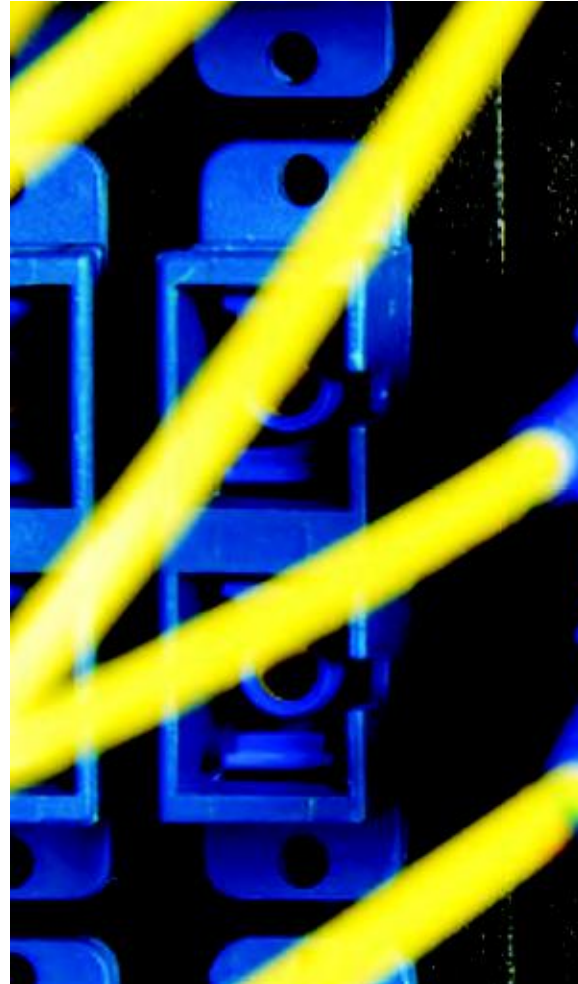
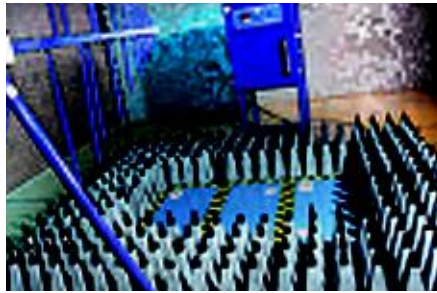


# Bio-decontamination



**TRaC**

- Full consolidation of the specialist testing, regulatory and compliance businesses within the TRaC division
- Business development focus on the aerospace, defence and telecoms markets – with additional outsourcing-related opportunities
- Closure of TRaC's US telecoms testing facilities in Silicon Valley, California – with transfer of the equipment and know-how to the UK
- Cost reduction programme resulting in headcount reduction and more efficient management structure to help improve TRaC's profitability

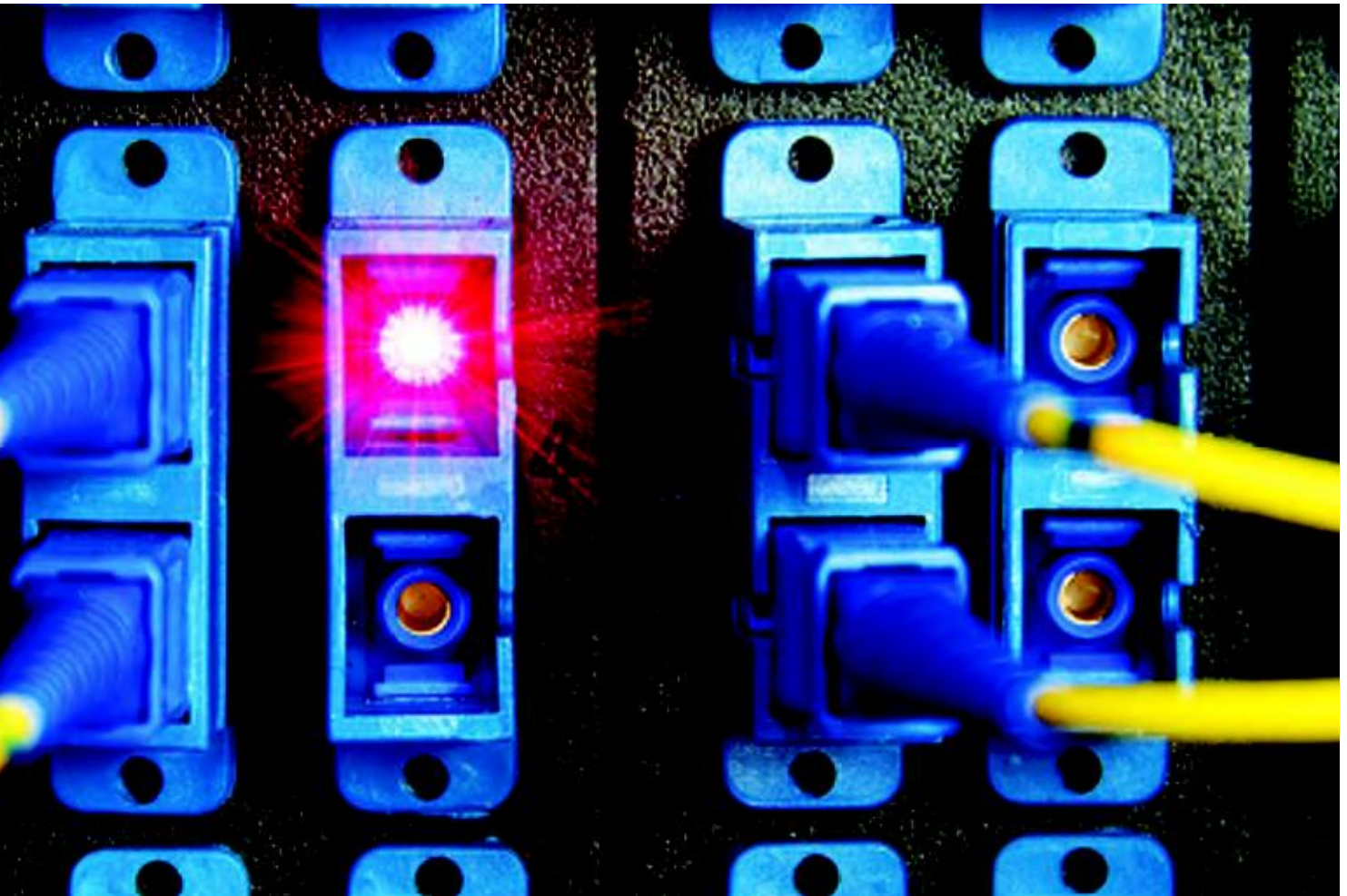


Total revenue 2008

**£10.7m**



**TRaC**



## Business review

### Chairman's statement

#### Board changes

- **John Salkeld** retires as Chairman at the AGM on 28 May 2009 after 18 years on the Board
- **Nigel Keen**, who joined the Board last year as a non-executive Director, is to succeed Mr Salkeld as Chairman
- **Tony Bourne**, Chief Executive of the British Medical Association, has joined the Board as a non-executive Director

#### FINANCIAL PERFORMANCE

Revenues in the year were £34.4 million (2007: £34.1 million) representing a 0.9% increase. The DECON division achieved revenues of £23.7 million (2007: £23.6 million). The TRaC division recorded revenues of £10.7 million (2007: £10.5 million) – an increase of 2%. Revenues derived from the Group's service businesses increased by 30% to £17.8 million (2007: £13.7 million).

In 2008 the Group significantly increased sales of its unique hydrogen peroxide vapour ("HPV")-based decontamination technology into the healthcare, life sciences and defence sectors. This growth in HPV decontamination revenues offset a decline in revenues associated with the unusually high level of sales in the previous year to US military vehicle manufacturers purchasing the Group's lower margin Chemical, Biological, Radiological and Nuclear ("CBRN") filtration systems.

Gross margin increased by 2% to 44%, representing an overall increase in profit of £0.6 million for the year. This increase largely reflects the increasing proportion of higher technology specialist decontamination equipment and services sold within the DECON division.

Overheads were tightly controlled during the year and showed an overall 4% decline at £9.8 million (2007: £10.2 million); however, the combined investment in sales and marketing and research & development ("R&D") and engineering costs increased by 30% to £6.5 million (2007: £5.0 million). The Group intends to continue to invest in sales and marketing resources and R&D as your Board considers this to be essential to achieve further international growth. The £1.9 million year on year decline in administration costs reflects a number of factors including focussed cost control, the beneficial effect of the decline in sterling as well as the substantial provision made in 2007 for property-related costs.

Profit before tax was £5.0 million (2007: £4.17 million), representing a 20% increase.

The effective tax rate increased to 25% (2007: 12%) on the basis of a total estimated tax liability of £1.3 million (2007: £0.5 million) as substantially all of the Group's tax assets, largely derived from prior year losses, have now been used up. It is notable that the cash effect associated with this tax liability is expected to be £0.6 million (12% of pre-tax profit) (2007: zero) whereas the non-cash-affected deferred tax liability is expected to be £0.7 million (13%) (2007: 12%). Profit after tax for the year increased by 2% to £3.73 million (2007: £3.65 million). Basic earnings per share were 9.0 pence (2007: 8.9 pence), representing a 1% increase.

The Group's balance sheet continues to strengthen. Net assets increased during the year by 20% to £19.4 million (2007: £16.1 million). Property, plant and equipment increased by £4.0 million to £8.3 million (2007: £4.3 million) primarily due to the acquisition and subsequent renovation of a long lease building in Andover comprising the DECON division's R&D, manufacturing and administrative facilities as well as the refurbishment of a new facility for TRaC's Telecoms and Radio business.

The Group accumulated significant cash balances by the year end despite the investment in facilities during the year and the payment of a dividend on the ordinary shares with a total cash cost of £0.8 million (2007: zero). Gross cash was £7.1 million (2007: £3.5 million) and net cash, comprising gross cash less borrowings and obligations under finance leases, was £5.2 million (2007: £ 2.7 million) – representing an increase of £2.5 million. In April 2008 the Group took out a £1.5 million mortgage, with an interest rate of 1.25% over base rate, which is repayable over 15 years.

During the year the Group paid a third party to assume the liability associated with a defined benefit pension scheme relating to the Group's legacy Scottish textile activities. The Group now has no liabilities relating to any defined benefit pension schemes.





The Group had a good 2008 with a 20% increase in pre-tax profit reflecting its successful strategy of selling specialist decontamination products and services into the international healthcare, life sciences and defence sectors.

Cashflow in the year was strong. Net cash from operating activities was £9.0 million (2007: £5.2 million), representing a 73% increase.

Your Board is recommending the payment of a final dividend of 2.2 pence per ordinary share which represents a 10% increase on the prior year. The final dividend will be payable on 3 July 2009 to shareholders on the register on 12 June 2009. The Board did not announce the payment of an interim dividend last year and it is the Board's current intention only to propose the payment of a final dividend each year.

#### THE STRATEGY OF THE GROUP'S DECONTAMINATION DIVISION

Micro-organisms – bacteria, viruses and fungi – are invisible as well as ubiquitous. These organisms cause major problems across a broad range of industries worldwide. The Group's strategy is based round the sale of its unique, environmentally friendly, peroxide decontamination technology. This technology is used to eradicate problematic micro-organisms in the healthcare, life sciences and defence sectors, either by the sale of equipment or through the provision of decontamination services.

During 2008 the decontamination division posted a substantial increase in revenues associated with the Group's unique HPV technology. Your Board expects underlying demand for BIOQUELL's decontamination technology to increase in its markets due to a number of factors, including increased antibiotic resistance, pathogen mutation and rapid international transmission of micro-organisms by air travel.

#### Healthcare

Eradication of "superbugs"/combating Hospital Acquired Infection  
BIOQUELL's work in the healthcare sector principally relates to the application of its technology to eradicate antibiotic resistant bacteria and other problematic viruses and fungi – generally referred to as hospital acquired infection ("HAI") or "superbugs". BIOQUELL provides a unique, specialist decontamination service to eradicate "superbugs" from the inanimate hospital environment as well as selling equipment to healthcare providers. HAI is an international problem which continues to grow, in part due to increasing levels of antibiotic resistance. The new hyper-virulent strain of *Clostridium difficile* is generally considered to be the largest "superbug" problem facing hospitals in North America and in Europe at the current time, and BIOQUELL's technology solutions have repeatedly been shown to be effective against this organism.

Scientific medical research now shows that "superbug" contamination of the inanimate hospital environment is contributing to the spread of HAI. There is also increasing acceptance, based on published peer-reviewed research, that BIOQUELL's technology helps reduce significantly the transmission of HAI. For example, last month the Group won an award from the UK Department of Health and the NHS' Purchasing and Supply Agency ("PASA") entitled "Innovative new technology offering the greatest contribution in controlling *Clostridium difficile*". In addition, the Group recently submitted extensive data on its "superbug" eradication products and services to PASA for a contract tender. This tender submission included data generated from the successful deployment of BIOQUELL's technology in seven acute NHS hospitals under the Department of Health's Showcase Hospital Programme. PASA are in the process of making a decision on which "superbug" eradication technology provider(s) they wish to select for use in the NHS. The Board believes that one of the Group's principal opportunities is the commercialisation of its technology in the worldwide HAI market and we are working hard to maximise this opportunity.



## Business review continued

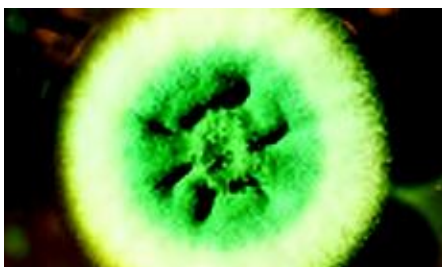
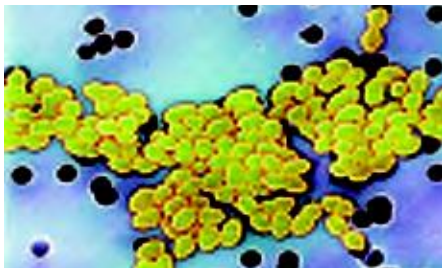
**Wound-care**

BIOQUELL is continuing research into the use of a novel peroxide-based liquid phase technology to disinfect wounds in a new wound-care product. The Group is running a randomised clinical trial ("RCT") to generate scientific efficacy data for this new technology. To date patient acquisition into the RCT has been slow and changes to the critical patient inclusion criteria are being made which is expected to accelerate significantly the number of patients being treated in the RCT. In parallel, good progress has been made on the work necessary for the regulatory submissions, and associated supporting documentation, to manufacture and sell the wound-care product as a regulated medical device.

**Life sciences**

BIOQUELL has a number of different customers in the life sciences sector, from university-based stem cell research to large scale vaccine production. There is a general trend across many life sciences' disciplines towards the need for increasing levels of sterility, particularly among the high value (and high margin) on-patent drugs which increasingly involve working with biologically active species. BIOQUELL also sees growth opportunities from the increase in "personalised medicine", whereby pharmaceuticals are tailored to reflect a particular patient's specific requirements (which may include genetic factors) which are mixed, often in sterile facilities, just prior to use and with the minimum of delay post prescription.

In addition, BIOQUELL's market opportunities are expanding due to increased concerns over environmental contamination and health & safety issues. Historically life sciences' facilities were decontaminated using formaldehyde, which leaves problematic residues and is a confirmed human carcinogen. One of the benefits of BIOQUELL's HPV technology is that at the end of the decontamination cycle a catalytic filter is used to break the peroxide vapour down into water vapour and oxygen – hence the BIOQUELL process is "residue-free" and environmentally benign. There are an increasing number of life sciences organisations which are banning the use of formaldehyde at their facilities – and this trend is assisting the Group's growth in revenues.



BIOQUELL also experienced an increase of sales of its HPV decontamination technology in the food preparation sector during the year. In particular, *Salmonella* contamination is causing problems for the food sector – and the latest molecular typing gene-based technology means that regulators can link specific food production facilities to outbreaks.

**Defence**

The Group has been involved in the design and manufacture of the MDH Defence range of Chemical, Biological, Radiological and Nuclear ("CBRN") filtration and environmental control systems for nearly 50 years. The Group continues to sell CBRN filtration systems – principally to military vehicle manufacturers – around the world.

In October 2007 BIOQUELL's technology was selected for inclusion in the US Department of Defense's ("DOD") Joint Materials Decontamination System ("JMDS"). The JMDS will use BIOQUELL's HPV technology to decontaminate biological and chemical warfare agents. The JMDS is highly complementary to BIOQUELL's CBRN filtration systems. BIOQUELL is currently working on the system design and development stage of the contract, which is expected to extend to a manufacturing stage following extensive DOD trials on the system.

**TRaC DIVISION**

The TRaC division comprises the Group's specialist Testing, Regulatory and Compliance division, focusing on electromagnetic compatibility ("EMC"), environmental, telecoms, wireless and safety testing services as well as computer-based analysis consultancy services. These services are used by a wide range of organisations carrying out R&D and product development, although TRaC focuses its business development resources principally on the aerospace, defence and telecommunications sectors. Most of TRaC's clients are currently located in the UK; however, there is scope to expand the sales of certain of TRaC's more specialist services to clients in continental Europe and the United States.



Despite the recession, 2009 has started well and BIOQUELL has a number of opportunities for further profitable international growth, assisted by the weakness of sterling. The Group's substantial £5.2 million net cash position gives it the financial "firepower" to fund the execution of its global growth strategy.

A significant proportion of TRaC's services are mandated by European or North American civilian or military regulations – and as such regulatory certification is required before a product can be launched on the open market. There is also a general trend towards more regulation in the sectors in which TRaC is operating with, for example, the UK Ministry of Defence having to ensure that its equipment complies with an increasing number of European health and safety regulations.

During the year Mark Heaven was appointed Chief Executive of TRaC. He has made a number of changes to the management and structure of the division. In particular its services, which used to be provided by four separate companies with different names and brands, were fully integrated under the TRaC "umbrella" at the end of 2008. TRaC's specialist telecoms interoperability testing facility in Silicon Valley, California was closed and its equipment and associated know-how was relocated to the UK. Towards the end of the year, as part of the restructuring work required to integrate the Group's different testing businesses fully into the TRaC division, a cost reduction programme was carried out and there was a simplification in the TRaC management structure.

The management of TRaC believes that in the current economic climate there are a number of opportunities relating to the supply of outsourced testing services to large, blue-chip corporations.

#### BOARD CHANGES

After 18 years on the Board, John Salkeld retires as Chairman of BIOQUELL PLC at the Annual General Meeting to be held on 28 May, 2009. Nigel Keen, currently a non-executive Director, is to succeed Mr Salkeld as Chairman.

Tony Bourne, who is currently Chief Executive of the British Medical Association, joined the Board today as a non-executive Director.

#### PROSPECTS

2009 has started well. Your Board is confident that despite the current tough economic conditions, BIOQUELL will continue to experience growing demand for its unique products and services worldwide, particularly in the healthcare, life sciences and defence sectors. As a UK-based manufacturing company the continuing weakness of sterling is assisting the Group expand profitably its worldwide market share. The Group is well positioned to fund significant international growth given the strength of its balance sheet and its substantial cash resources. Your Board believes that BIOQUELL is well positioned to continue its profitable growth in a number of attractive sectors.

**John Salkeld**  
Chairman  
24 March, 2009



## Directors and advisers

## Directors

**John Salkeld, FCA\*****Non-executive Chairman**

Joined the Board in March 1991. Previously he was a partner in Binder Hamlyn, Chartered Accountants, Director of Finance at GEC and Deputy Chief Executive of Myson Group. He was also Chairman of NEWSCOM PLC.

**Simon Constantine, ACA\*****Non-executive Director**

Joined the Board in November 1999. Previously he held a number of financial and operational positions at Board level within Life Sciences International PLC. He is also a non-executive Director of Sterigenics Holdings, Inc, Xena Systems Ltd and Capstone Foster Care Ltd.

**Richard Towner\*****Non-executive Director**

Joined the Board in 1992. Previously he was a Corporate Finance partner of Richards Butler, a leading firm of City solicitors. Mr Towner was a Director of BIOQUELL PLC during 2008 but retired from the Board on 28 May 2008.

\* Member of the Audit, Remuneration and Nominations Committees.

**Nicholas Adams****Chief Executive**

Joined the Board in May 1997 and was appointed Chief Executive in May 1998. Previously he was a Director of Corporate Finance at Barings, an investment bank, having spent nine years in Barings' Corporate Finance Department both in the UK and continental Europe. He read chemistry at Durham University.

**Nigel Keen, FCA\*****Non-executive Director**

Joined the Board in March 2008. He is Chairman of the Laird PLC, Axis-Shield Plc, Oxford Instruments Plc and Deltex Medical Group Plc.

**Mark Bodeker, CA****Chief Operating Officer & Finance Director**

Joined the Board in April 2000, qualified with and subsequently worked for Deloitte Haskins and Sells for five years before moving to TI Group, holding a number of financial positions. Latterly he was Divisional Finance Director of Meggitt Aerospace Components.

**Tony Bourne\*****Non-executive Director**

Joined the Board on 24 March 2009. He is Chief Executive of the British Medical Association. Previously he held senior positions at the investment banks Paribas and Merrill Lynch.

**Secretary**

Georgina Pope, ACMA

**Registered Office**

52 Royce Close  
West Portway  
Andover  
Hampshire SP10 3TS

**Auditors**

Deloitte LLP  
Chartered Accountants  
Reading

**Stockbrokers**

Investec Limited

**Bankers**

Royal Bank of Scotland PLC

**Registrars**

Capita IRG Plc

The Directors present their annual report and the audited financial statements for the year ended 31 December 2008.

### Principal activity

The Company is a holding Company with operating subsidiaries located in the United Kingdom and sales and service offices in France, Ireland and the United States.

The principal activities of the Group include the design, manufacture and supply of decontamination and containment equipment, related products and services to the healthcare, life sciences and defence industries, and testing, regulatory and compliance services to a broad range of companies including those in the aerospace, telecoms and defence industries.

### Business review

The results for the year are set out in the income statement on page 22. A review of the Group's business and future prospects is summarised in the Chairman's statement and Business review.

### Risks and uncertainties

The Group develops, designs, manufactures and sells complex equipment and specialist services to a large number of clients in many countries. The Group is also experiencing significant underlying growth. Accordingly the Group encounters a broad range of strategic, operational and financial risks and uncertainties.

The Group has in place a comprehensive Authorities Manual that relates to the limits and delegated authorities imposed on all levels of management within the Group. Each subsidiary has a set of standard operating procedures. These procedures cover all aspects of the entity's operational activities.

Summarised below are the principal risks which the Directors believe the Group faces; however, this description is not intended to be, nor by definition can be, exhaustive.

**Competition** – the Group faces a number of competition-related risks and uncertainties. The Group's decontamination technology benefits from a number of granted patents and pending patent applications in major markets around the world. However, it is expensive to file, maintain and defend a large patent portfolio and such patents can themselves be challenged in the courts. In addition, other decontamination or sterilisation technologies exist and there can be no assurances that, in time, other technologies could not be developed which would have superior efficacy or lower costs or other advantages over BIOQUELL's technology. Moreover, the Group's decontamination technologies operate in large markets and face competition from substantially larger and better resourced Groups. The regulatory and legal environment is also constantly evolving and the Group could face regulatory or statutory challenges which could put it at a competitive disadvantage.

The TRaC businesses operate in a highly competitive market where keeping abreast of technological developments and capital investments is necessary to maintain market share. The experience and knowledge of the senior management of these businesses is key to ensuring that new services are developed in line with customer requirements.

**Reliance on suppliers** – the Group tries to ensure that there is a secondary supplier for each key component it uses in products. Given the highly specialised nature of the BIOQUELL technology it is inevitable that some components have a single source. In these cases the Group works closely with the supplier to maintain the quality and longevity of the component. However, the global economic slowdown could put certain of its component suppliers out of business.

**Loss of key personnel** – retention of key employees is seen as crucial to the success of the business. The Directors, working principally through the Remuneration Committee, have developed a system of bonus and equity-based incentives, together with other benefits which complement an individual's salary. The Group encourages all senior management to develop the employees in their teams and to establish, where appropriate, clear succession planning.

**Currency exposure** – in recent years the percentage of the Group's turnover from overseas customers has increased rapidly. This exposes the Group to the risk of currency fluctuations. The Directors have established a policy to cover the Group's exposure to foreign exchange. See note 19 for further information on the Group's derivative accounting and foreign exchange hedging.

**Economy and credit risk** – in the last 12 months there has been a significant deterioration in economic activity worldwide. Although the Group is exposed to sectors which traditionally are not, or are less, affected by recession, there can be no assurances that the global economic slow down will not affect the Group's activities. Related to this the Group recognises the potential risk posed by customers defaulting on their contractual obligations. The Group carries out careful monitoring of the creditworthiness of its customers. Customers who are unable to fulfil the criteria set by the Group's credit procedure are required to either provide payment with their order, or enter into a Letter of Credit arrangement.

**Liquidity risk** – the Group has substantial cash balances. In addition, the Directors have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and through careful monitoring of cashflow and cashflow forecasts. Further information on the Group's facilities is given in note 18.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 6 to 9 and the risks and uncertainties summarised above. The Group has sufficient financial resources to cover budgeted future cash-flows, together with contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In accordance with the Corporate Governance requirements, the Directors confirm that after making appropriate enquiries they have a reasonable expectation that the Group has adequate finance resources to continue to trade for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Directors and Directors' interests

The Directors of the Company are shown on page 10. All of them served throughout the year and through to the signing of the financial statements except for Mr N J Keen who was appointed on 10 March 2008, Mr A R Bourne who was appointed on 24 March 2009 and Mr R E Towner who retired on 28 May 2008. The interests of the Directors in ordinary shares and options to acquire ordinary shares in the Company are shown in the Directors' remuneration report on page 15 to 17.

None of the Directors had any interest in the preference shares at any time during the year or subsequently.

Mr J G Salkeld will retire from the Board at the Annual General Meeting on 28 May 2009.

The Board proposes the re-appointment of Mr S J Constantine and Mr A R Bourne as non-executive Directors of the Company.

### Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 31 December 2008 were equivalent to 68 days' (2007: 66 days') purchases, based on the average daily amount invoiced by suppliers during the year.

### Research and development expenditure

The Group's policy is to develop new and improve existing products and services to meet the needs of its customers. The amount charged to the income statement in the year on research and development under IFRS amounted to £821,000 (2007: £836,000) – the total expenditure was £1,195,000 (2007: £1,153,000).

### Substantial shareholdings

The following interests in three per cent or more of the issued ordinary share capital, excluding Board members whose interests are disclosed in the Directors' remuneration report, had been notified to the Company as at 24 March 2009.

Ordinary shareholders	Number	Percentage of issued Ordinary Share Capital
M&G Investment Management Limited	6,161,282	14.8%
Caledonia Investments PLC	5,462,500	13.1%
Hermes Investment Management Limited*	2,616,638	6.3%
A.H.J. Muir	2,150,257	5.2%
C.B.T. Adams	1,440,380	3.5%
Thompson Clive Growth Industries Fund*	1,394,192	3.4%

\*The registered owners of shares in which these holders have an interest may be subsidiaries and associated companies and/or pension funds, unit trusts or investment trusts under that holder's management.

### Dividends

The Board is proposing the payment of the dividend for the year on the preference shares of 7.5 pence per preference share, representing a total payment of £11,250. The Board is further recommending the payment of a final dividend of 2.2 pence per ordinary share to be paid on 3 July 2009 to ordinary shareholders on the register on 12 June 2009, representing a total payment of £915,000.

### Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 25. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The redeemable preference shares carry 7.5% interest but do not carry voting rights. The percentage of the issued nominal value of the ordinary shares is 97% of the total issued nominal value of all share capital.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Details of employee share schemes are set out in note 34. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Combined Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Main Board Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on page 14.

Under its Articles of Association, the Company has authority to issue 2,080,050 ordinary shares.

### Defined benefit pension scheme

The Group's defined benefit pension scheme has been closed to members for a number of years. In December 2007 the pensioners' benefits were bought out by a third party. The Group now has no net liabilities relating to any defined benefit pension scheme. Further details are contained in note 35 to the accounts.

**Capital risk management**

The Group manages its capital to ensure that entities in the Group have sufficient funding to continue as a going concern while also retaining sufficient funding to enable the Group to invest in its development. The capital structure of the Group consists of debt, which includes borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 25 to 31.

**Disabled employees**

The Group continues its policy of giving disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable applicants, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and the Group endeavours to retain any member of staff who develops a disability during their employment.

**Employee consultation**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and other forms of communication.

**Disclosure of information to the auditors**

Each of the persons who is a Director at the date of approval of this report confirms that:

- (1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors, and signed on behalf of the Board

**Georgina Pope**

Secretary

24 March 2009

The Company is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance which is appended to the Listing Rules of the Financial Services Authority ('the Code') for which the Board is accountable to shareholders.

The Directors consider that throughout the year ended 31 December 2008 the Company has been in compliance with the Code provisions set out in Section 1 of the Code, except for code provision A.1.2 as the Board has not nominated a senior independent Director other than the Chairman, because the Board is small.

The Company established a Nominations Committee in January 2007, and the Directors consider that the Company was in compliance with code provision A.4.6 during 2008. The Nominations Committee consists of the three non-executive Directors and is chaired by Mr N J Keen and met once during 2008. This Committee is responsible for nominating, for the approval of the Board, candidates for appointment to the Board having regard to the overall skills balance and composition of the Board.

The Board comprises two executive and three non-executive Directors. The non-executive Directors are considered by the Board to be independent in character and judgement; the Board does not consider the fact that the non-executive Directors hold shares in the Company to impair their independence. The non-executive Directors are required to submit themselves for re-election at regular intervals. Before re-election the Chairman will confirm to the shareholders that the individual's performance continues to be effective and the individual continues to demonstrate their commitment to the role. This composition satisfies the Code's Principles and Provisions that the Board should have a balance of executive and non-executive Directors in terms of number and relevant experience to enable it to have effective leadership and control of the Company and its subsidiaries. The Directors have access to all information and, if required, independent professional advice at the expense of the Company. The Board normally convenes monthly with attendance by all Directors. Mr J G Salkeld and Mr B M Bodeker were unable to attend 1 of the 10 meetings. The Board has formally adopted a schedule of matters which are specifically reserved for its decision and retains full control over key strategic, financial and organisational issues within the Group.

The Board considers that because of its small size it is impracticable to carry out formal performance evaluations (as required by Code provision A.6.1).

The Board has established Audit and Remuneration committees.

The Audit Committee, which met three times, consists of the three non-executive Directors and was chaired by Mr S J Constantine. This committee deals with issues such as the proper observation of accounting standards, the application of the Group's accounting policies, its systems of internal controls and all issues relating to the preparation and approval of the Group's annual and half-yearly Reports and Accounts. The Group also considers the objectivity and independence of its auditors by a process of assessment and keeping the scope of non-audit service and the level of non-audit fees under review. The Board is also involved in the approval of the audit fees and the auditors' terms of engagement. The committee acknowledges its responsibility to investigate any reports of impropriety or potential fraud. Whilst there is no formal procedure in place for this, the Board believes that its open-door policy and management structure make it possible for any member of staff to report such cases.

The Board has considered the need to introduce a Group internal audit function but has decided that the current control mechanisms are appropriate in the context of the size and complexity of the Group. The Board continues to review this position.

The Remuneration Committee consists of the three non-executive Directors and was chaired, at the beginning of the year by Mr J G Salkeld and later by Mr N J Keen. This committee, which met three times, is responsible for recommending to the Board the terms of service and remuneration of the Executive Directors, including the allocation of share options. The report of the Remuneration Committee is included on page 15 to 17.

The Board attaches a high priority to communications with shareholders. The Group's annual and half-yearly Reports and Accounts are sent to all shareholders. The Group meets regularly with its institutional shareholders and there is an opportunity for individual shareholders to question the Chairman and the Executive Directors at the AGM.

An ongoing process for identifying, evaluating and managing significant risks faced by the Group has been in place since 1 January 2008 to the date of approval of the annual Report and Accounts. That process is regularly reviewed by the Board and accords with "Internal Control: Guidance for Directors on the Combined Code" produced by the Turnbull working party.

The Directors have overall responsibility for the system of internal control throughout the Group and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, as it can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has conducted a review of the effectiveness of the system of internal controls for the year ended 31 December 2008 and the period up to 24 March 2009. In carrying out this review the Board takes account of material developments through reports by the Chief Executive, the Group Finance Director and the Audit Committee. No significant issues were found during this review.

A risk management policy has been adopted by the Board setting out the Board's role and responsibilities and its overall approach to management and acceptance of risk. The Directors and senior managers of each Group business are required to undertake their own risk identification and assessment according to their own individual circumstances, and this is then reviewed and evaluated by the Group Finance Director and submitted to the Board for consideration.

The Board has established an organisation structure with clear lines of accountability. Formalised processes are in place for the preparation, review and approval of business plans, budgets and investment proposals for the Group as a whole and for the individual divisions. Financial results and other key business monitors are reported regularly and variances from approved budgets identified and used to initiate action. The Board has published, internally, management rules which include financial and operating control procedures with which the management of each subsidiary or division is required to comply.

## Introduction

This report has been prepared in accordance with Schedule 7A of the Companies Act 1985. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles relating to Directors' remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting at which the financial statements will be approved.

The Act requires the auditors to report to the Company's members on the "auditable part" of the Directors' remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985. The report has therefore been divided into separate sections for unaudited and audited information.

## UNAUDITED INFORMATION

### Remuneration Committee

The Company has established a Remuneration Committee, which is constituted in accordance with the recommendations of the Combined Code. It consists of three independent non-executive Directors: Mr N J Keen (Chairman), Mr J G Salkeld and Mr S J Constantine. No Director plays a part in any discussion about his own remuneration.

### Remuneration policy

The Committee follows certain fundamental principles in deciding levels and forms of remuneration. This includes providing a base salary, which reflects the current stage of development of the Group and aligning the interests of those executives with those of the shareholders through the use of share options and bonuses linked to, amongst other things, the development of the Group. The remuneration of the non-executive Directors is determined by the Board within limits set out in the Articles of Association.

### Basic salary

The basic salary of Executive Directors is determined by the Committee generally during March each year and when an individual changes position or responsibility. In addition to basic salary, the Executive Directors receive certain benefits-in-kind, principally private medical insurance.

### Incentive schemes/share option schemes

Executive Directors are eligible for an annual performance bonus based on attaining agreed profit levels and specific non-profit financial criteria, the amount of which is determined following an assessment by the Remuneration Committee, based on a number of quantitative and qualitative factors including the financial results and prospects of the Company at the relevant time and the implementation of the strategic plan. The Committee views the performance element as important and accordingly the bonus is determined following strict review.

There are no long-term incentive schemes other than the Share Option Schemes. Share options are considered part of overall remuneration and were issued to Executive Directors without pre-conditions until 2003 and thereafter with pre-conditions pertaining to share price (2004 grant) or pre-tax profit per share (2008 grant).

The Committee is responsible for supervising the Company's Share Option Schemes in accordance with the rules approved by shareholders.

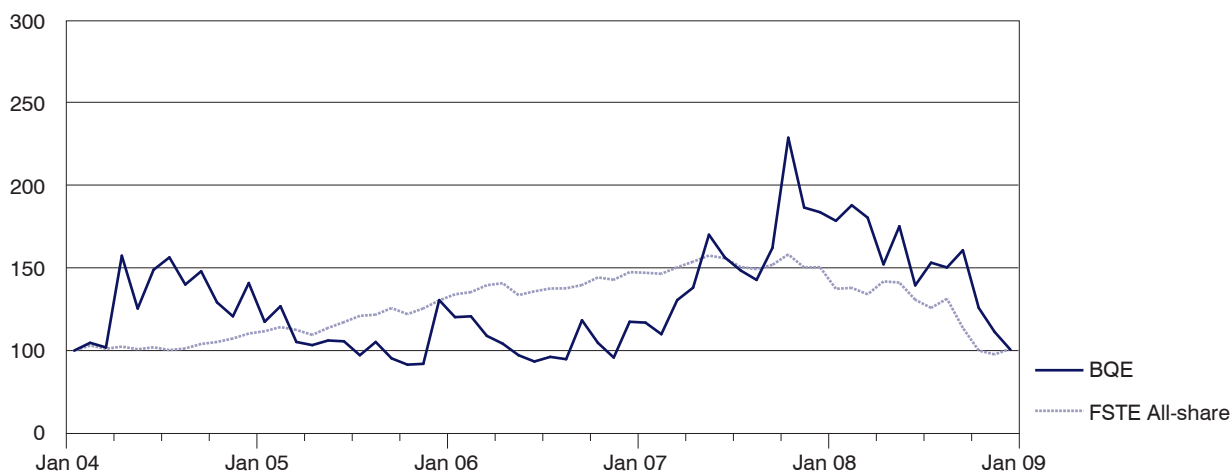
### Pension arrangements

The Group operates a defined contribution pension scheme for its employees and Executive Directors.

### Performance graph

The following graph shows the Company's performance, measured by total shareholder return, compared with the performance of the FTSE All-share Index also measured by total shareholder return. The FTSE All-share Index is considered the most appropriate benchmark against which to measure Group performance. The graph is prepared on the basis of constituent companies in the Index at a point in time.

Five year index of BIOQUELL share price relative to FTSE All-share Index



**Directors' contracts**

The Executive Directors have service contracts with an indefinite term with notice periods of 12 months in respect of Mr N M T Adams and six months in respect of Mr B M Bodeker. The contract date for Mr N M T Adams and Mr B M Bodeker is 16 April 2000. In the event of a change of control of the Company, the notice periods of Mr N M T Adams and Mr B M Bodeker are extended to two years, and this may be treated by the individual as a terminating event. In the event of early termination, the Directors' contracts provide for basic compensation up to a maximum of basic salary for the notice period.

The Remuneration Committee considers these notice periods to be reasonable and proper and in the interests of both the Company and the Directors, having regard to market conditions and current practice.

**Non-executive Directors**

All non-executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association. The non-executive Directors receive no further fees for additional work performed for the Company in respect of membership of either the Remuneration Committee, Audit Committee nor the Nominations Committee. The terms of engagement of the non-executive Directors are available for inspection.

**AUDITED INFORMATION****Aggregate Directors' remuneration**

The total amount for Directors' remuneration was as follows:

	2008 £'000	2007 £'000
Emoluments	769	477
Gains on exercise of share options	160	266
Money purchase pension contributions	26	18
	<b>955</b>	<b>761</b>

**Directors' emoluments**

	Fees/basic salary £'000	Benefits in kind £'000	Annual bonuses £'000	2008 £'000	2007 £'000
<b>Executive</b>					
Nicholas Adams	229	11	121	361	216
Mark Bodeker	205	8	98	311	193
	434	19	219	672	409
<b>Non-executive</b>					
John Salkeld	37	—	—	37	28
Richard Towner	10	—	—	10	20
Simon Constantine	28	—	—	28	20
Nigel Keen	22	—	—	22	—
<b>Aggregate emoluments</b>	<b>531</b>	<b>19</b>	<b>219</b>	<b>769</b>	<b>477</b>

**Directors' interest in ordinary shares**

The Directors who held office at 31 December 2008 had the following interests in the ordinary shares of the Company:

Beneficial holdings*	31 December 2008	Percentage of share capital	1 January 2008
J G Salkeld	2,046,477	4.9%	2,046,477
N M T Adams	720,000	1.7%	700,000
S J Constantine	456,000	1.1%	430,000
N J Keen	35,000	—%	—
B M Bodeker	34,367	—%	14,367
	<b>3,291,844</b>	<b>7.9%</b>	<b>3,190,844</b>

\*Beneficial holdings include holdings of spouses and infant children

**Directors' share options**

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

Details of options for Directors who served during the year are as follows:

Name of Director	1 January 2008	Granted/ (exercised)	31 December 2008	Exercise price (p)	Date from which exercisable	Expiry date
Nicholas Adams	120,000	(120,000)	—	123.0	30.04.04	29.04.08
	80,000	—	80,000	107.5	30.04.05	29.04.09
	50,000	—	50,000	84.0	17.04.06	16.04.10
	400,000	—	400,000	120.5	07.04.07	06.04.11
	—	143,000	143,000	174.5	27.05.11	27.05.15
Mark Bodeker	100,000	(100,000)	—	123.0	30.04.04	29.04.08
	80,000	—	80,000	107.5	30.04.05	29.04.09
	100,000	—	100,000	84.0	17.04.06	16.04.10
	400,000	—	400,000	120.5	07.04.07	06.04.11
	—	126,000	126,000	174.5	27.05.11	27.05.15
	<b>1,330,000</b>	<b>49,000</b>	<b>1,379,000</b>			

On 25 March 2008 Mr N M T Adams exercised 120,000 options at 123 pence and Mr B M Bodeker exercised 100,000 options at 123p. The market price on the date of exercise was 196 pence per share.

Further information on the Share Option Schemes can be found in the unaudited section of this report, on pages 15 and 16. There have been no variations to the terms and conditions or performance criteria for share options during the last year. None of the Directors' share options lapsed during the year.

The market price of the ordinary shares at 31 December 2008 was 107.0 pence (2007: 195.5 pence) and the range during the year was 104.1 pence to 230.5 pence.

**Directors' pension entitlements**

No Directors are members of, or have any accrued benefits from, the Company's defined benefit scheme, which relates solely to former employees of the Group, details of which can be found in Note 35 to the financial statements. This scheme was closed to new members in May 1990.

Two Directors are members of money purchase schemes, and the contributions paid by the Company in respect of such Directors were as follows:

Name of Director	2008 £'000	2007 £'000
Nicholas Adams	14	9
Mark Bodeker	12	9
	<b>26</b>	<b>18</b>

This report was approved by the Board of Directors, and signed on behalf of the Board

**Nigel Keen**

Chairman of the Remuneration Committee

24 March 2009

The Directors are responsible for preparing the Annual Report, Directors' Remuneration 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. The Directors are required by the IAS Regulation to prepare the Group financial statements under IFRSs (IFRSs) as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the parent company financial statements comply with the Companies Act 1985. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We have audited the Group financial statements of BIOQUELL plc for the year ended 31 December 2008 which comprise the consolidated income statement, the consolidated statement of recognised income and expenses, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 36. These Group financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' remuneration report that is described as having been audited.

We have reported separately on the parent Company financial statements of BIOQUELL plc for the year ended 31 December 2008.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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**

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the Group financial statements and the part of the Directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view, whether the Group financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the part of the Directors' Remuneration Report described as having been audited has been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Group financial statements. The information given in the Directors' Report includes that specific information presented in the financial review that is cross referenced from the business review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Director's remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited Group financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the unaudited part of the Directors' Remuneration Report, the Business Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements and the part of the Directors' Remuneration Report to be audited.

**Opinion**

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the Group financial statements and the part of the Directors' Remuneration Report required to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the information given in the Directors' Report is consistent with the Group financial statements.

**Separate opinion in relation to IFRSs**

As explained in Note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to comply with IFRS as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended.

**Deloitte LLP**

Chartered Accountants and Registered Auditors  
Reading, United Kingdom  
24 March 2009

## Group accounts

22	Consolidated income statement
22	Consolidated statement of recognised income and expense
23	Consolidated balance sheet
24	Consolidated cash flow statement
25	Notes to the consolidated financial statements
47	Five-year summary

## Consolidated income statement

For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Revenue	4	<b>34,405</b>	34,096
Cost of sales		<b>(19,395)</b>	(19,684)
Gross profit		<b>15,010</b>	14,412
<i>Gross profit margin</i>		<b>44%</b>	42%
Operating expenses:			
Sales & marketing costs		<b>(4,603)</b>	(3,392)
Administration costs		<b>(3,262)</b>	(5,165)
R&D and Engineering costs		<b>(1,936)</b>	(1,607)
Profit from operations	6	<b>5,209</b>	4,248
Investment revenues	8	<b>163</b>	75
Finance costs	9	<b>(369)</b>	(157)
Profit before tax		<b>5,003</b>	4,166
Tax	10	<b>(1,275)</b>	(516)
Profit for the year	31	<b>3,728</b>	3,650
Earnings per share – basic	11	<b>9.0p</b>	8.9p
– diluted		<b>8.3p</b>	8.2p

Movements in reserves are set out in notes 28, 29, 30 & 31.

All amounts are derived from continuing operations.

## Consolidated statement of recognised income and expense

For the year ended 31 December 2008

	2008 £'000	2007 £'000
Net profit for the year	<b>3,728</b>	3,650
Actuarial (loss)/gain on defined benefit pension scheme	<b>(42)</b>	54
Movement in deferred tax in relation to pension asset	<b>12</b>	(12)
Exchange differences on translation of foreign operations	<b>383</b>	45
<b>Total recognised income</b>	<b>4,081</b>	3,737

**Consolidated balance sheet****23**

As at 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Non-current assets:</b>			
Goodwill	12	691	691
Other intangible assets	13	6,704	6,324
Property, plant & equipment	14	8,280	4,261
		<b>15,675</b>	11,276
<b>Current assets:</b>			
Inventories	16	1,365	1,547
Trade and other receivables	17	7,368	8,736
Cash and cash equivalents		7,097	3,500
Derivative financial instruments	19	—	6
		<b>15,830</b>	13,789
<b>Total assets</b>		<b>31,505</b>	25,065
<b>Current liabilities:</b>			
Trade and other payables	22	(6,523)	(5,920)
Current tax liabilities	10	(606)	—
Obligations under finance leases	21	(248)	(212)
Borrowings	18	(78)	—
Deferred tax	20	(1,092)	(141)
Derivative financial instruments	19	(266)	—
Provisions	23	(1,606)	(1,896)
<b>Net current assets</b>		<b>5,411</b>	5,620
<b>Non-current liabilities:</b>			
Total non-current liabilities	24	(1,723)	(756)
<b>Total liabilities</b>		<b>(12,142)</b>	(8,925)
<b>Net assets</b>		<b>19,363</b>	16,140
<b>Equity</b>			
Share capital	25	4,160	4,136
Share premium account	26	95	10,933
Special reserve	27	10,933	—
Equity reserve	28	707	875
Capital reserve	29	255	255
Translation reserve	30	154	(229)
Retained earnings	31	3,059	170
<b>Equity attributable to equity holders of the parent</b>		<b>19,363</b>	16,140

The financial statements were approved by the Board of Directors and authorised for issue on 24 March 2009.

They were signed on its behalf by:

**Nicholas Adams**  
Director  
24 March 2009

**Mark Bodeker**  
Director

## Consolidated cash flow statement

For the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
<b>Net cash from operating activities</b>	32	<b>8,960</b>	5,233
<b>Investing activities</b>			
Proceeds on disposal of property, plant and equipment		134	33
Purchases of property, plant and equipment		(4,840)	(1,565)
Purchases of trademarks		—	(17)
Expenditure on product development		(1,100)	(843)
<b>Net cash used in investing activities</b>		<b>(5,806)</b>	(2,392)
<b>Financing activities</b>			
Proceeds on issue of ordinary shares		119	494
Dividends paid on ordinary shares		(830)	—
Movement in borrowings		1,386	26
Repayment of obligations under finance leases		(305)	(275)
<b>Net cash from financing activities</b>		<b>370</b>	245
<b>Net increase in cash and cash equivalents</b>		<b>3,524</b>	3,086
Bank cash at beginning of year		3,500	306
Effect of foreign exchange rate changes		73	108
Bank cash at end of year		<b>7,097</b>	3,500

## 1. General

BIOQUELL PLC (the Company) is a Public Limited Company incorporated in the United Kingdom. The address of the registered office is given on page 10. The nature of the Group's operations and its principal activities are set out on page 11. The financial statements are presented in pounds sterling (£) since that is the currency in which the majority of the Group's transactions are denominated.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not effective:

IFRS 1 (amended)/IAS 27 (amended)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (amended)	Share-based Payments – Vesting Conditions and Cancellations
IFRS 3 (revised 2008)	Business Combinations
IFRS 8	Operating Segments
IAS 1 (revised 2007)	Presentation of Financial Statements
IAS 23 (revised 2007)	Borrowing Costs
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements
IAS 32 (amended)/IAS 1 (amended)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRIC 12	Service Concession Arrangements
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

## 2. Significant accounting policies

### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have also been prepared in accordance with the IFRS adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The Group's business activities, together with the risks and other factors likely to affect its future development, performance and position are set out in the Business Review and in the Directors' report on pages 11 to 13. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

### Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed. Revenue from services is recognised throughout the contract as services are provided or upon completion dependent upon contractual terms.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

## 2. Significant accounting policies continued

### Operating profit

Operating profit is stated after charging restructuring costs and after the share of results of associates but before investment income and finance costs.

### Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Property	25 years
Short-term leasehold improvements	10 years
Fixtures and equipment	3 to 8 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, over the term of the relevant lease.

### Inventories

Inventories are stated at the lower of cost, calculated as standard cost based on latest purchase cost, and net realisable value. Cost comprises direct materials and, where applicable, direct labour cost and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion.

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Bank borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Goodwill arising on acquisitions prior to the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1988 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

## 2. Significant accounting policies continued

### Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development activity is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as products and new processes related to bio-decontamination solutions);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives which is deemed to be 15 years. Where no internally-generated intangible asset can be recognised, development expenditure is expensed in the period in which it is incurred.

### Intangible assets – customer relationships

Customer relationship intangible assets, acquired in a business combination are initially measured at cost, based on discounted cash flows, and amortised over their estimated useful lives of five years on a straight-line basis.

### Patents and trademarks

Patents and trademarks are measured initially at purchase cost. They are amortised over their estimated useful lives, which is on average 15 years, although patent protection extends to 20 years.

### Impairment of financial assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Provision is made for any impairment and immediately expensed in the period.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

### Foreign currencies

Transactions in currencies other than sterling are initially recorded at the rate of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rate prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses arising on exchange are included in net profit or loss for the period.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

### Leasing

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see above).

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

### Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The defined benefit scheme has been closed to new members since May 1990 and related solely to former employees of the Group. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of the plan assets. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the statement of recognised income and expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

### Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

## 2. Significant accounting policies continued

### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed but does not exceed what the amortised cost would have been had the impairment not been recognised.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into.

### Financial assets

Investments are recognised and derecognised on the trade date where the purchase or sale of a investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value. Subsequent to initial recognition, investments in subsidiaries are measured at cost. Other financial assets are classified into the following specified categories: financial assets at fair value through profit and loss and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### Financial assets at fair value through profit and loss

Financial assets are classified as financial assets at fair value through profit or loss where the Group acquires the financial asset principally for the purpose of selling in the near term, the financial asset is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short term profit taking as well as all derivatives that are not designated and effective hedging instruments. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Debt instruments that are held-to-maturity, are available-for-sale, or are loans and receivables recognise income on an effective interest rate basis.

### Debt and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

### Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

## 2. Significant accounting policies continued

### Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a short period.

### Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors which provides written principles on the use of financial derivatives. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Derivatives not designated into an effective hedge relationship are classified as a current asset or a current liability.

### Provisions

Provisions for warranty costs are recognised at the date of sales of the relevant products, at management's best estimate of the expenditure required to settle the Group's liability.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties. Other provisions represent property maintenance required under lease obligations.

### Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005. The Group is able to issue equity-settled and cash-settled share-based payments to certain 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 the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

## 3. Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Internally generated intangible assets

Internally generated intangible assets arising from the Group development activity are recognised when certain conditions are met. Management applies certain assumptions in measuring development activity cost and in assessing future economic benefits. Development assets are subject to annual impairment review.

### Valuation of share-based payments

In order to determine the value of share-based payments, management are required to make an estimation of the effects of non-transferability, exercise restrictions and behavioural considerations. Fair value is measured by use of the Black-Scholes Model and the inputs used are set out in Note 34.

### Impairment of goodwill and other intangible assets

Management applies certain assumptions in assessing impairment of goodwill and intangible assets. These assumptions are subject to annual impairment review.

## 4. Revenue

An analysis of the Group's revenue is as follows:

	2008 £'000	2007 £'000
Sales of goods	16,584	20,375
Revenue from the rendering of services	17,821	13,721
	<b>34,405</b>	<b>34,096</b>

**5. Business and geographical segments**

For management purposes, the Group is currently organised into two divisions – Decontamination and TRaC (Testing, Regulatory and Compliance). These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below

Year ended 31 December 2008	Decontamination £'000	TRaC £'000	Consolidated £'000
<b>Revenue</b>			
Total revenue	23,749	10,656	34,405
<b>Result</b>			
Segment result	4,545	1,084	5,629
Unallocated head office costs			(420)
Profit from operations			5,209
Finance costs and investment revenue			(206)
Profit before tax			5,003
Tax			(1,275)
Profit for the year			3,728
<b>Other information</b>			
Capital additions	3,790	1,479	5,269
Unallocated corporate additions			1,020
Total capital additions			6,289
Depreciation and amortisation	1,213	942	2,155
Unallocated corporate depreciation			14
Total depreciation and amortisation			2,169
<b>Balance sheet as at 31 December 2008</b>			
<b>Assets</b>			
Segment assets	16,469	8,069	24,538
Unallocated corporate assets			6,967
Consolidated total assets			31,505
<b>Liabilities</b>			
Segment liabilities	(7,952)	(2,399)	(10,351)
Unallocated corporate liabilities			(1,791)
Consolidated total liabilities			(12,142)

## 5. Business and geographical segments continued

Year ended 31 December 2007	Decontamination £'000	TRaC £'000	Consolidated £'000
<b>Revenue</b>			
Total revenue	23,561	10,535	34,096
<b>Result</b>			
Segment result	3,717	980	4,697
Unallocated head office costs			(449)
Profit from operations			4,248
Finance costs and investment revenue			(82)
Profit before tax			4,166
Tax			(516)
Profit for the year			3,650
<b>Other information</b>			
Capital additions	1,574	1,051	2,625
Depreciation and amortisation	944	772	1,716
<b>Balance sheet as at 31 December 2007</b>			
	Decontamination £'000	TRaC £'000	Consolidated £'000
<b>Assets</b>			
Segment assets	13,276	5,032	18,308
Unallocated corporate assets			6,757
Consolidated total assets			25,065
<b>Liabilities</b>			
Segment liabilities	(3,768)	(2,516)	(6,284)
Unallocated corporate liabilities			(2,641)
Consolidated total liabilities			(8,925)

### Geographical segments

The Group's Decontamination equipment is manufactured within the UK and sold into the UK, Europe and Rest of World markets. The TRaC segment offers services from bases within the UK and the USA. At the end of 2008 the US-based TRaC business was transferred to the Group's telecoms testing centre in Kingston-upon-Hull.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods or services:

Sales revenue by geographical market	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
	UK	17,616
Rest of Europe	6,479	5,612
Rest of World	10,310	13,766
	<b>34,405</b>	<b>34,096</b>

The following is an analysis of the carrying amount of segments assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
UK	28,663	21,683	6,115	2,392
Rest of Europe	1,489	1,809	43	48
Rest of World	1,353	1,573	131	185
	<b>31,505</b>	<b>25,065</b>	<b>6,289</b>	<b>2,625</b>

**6. Profit from operations**

Profit from operations has been arrived at after charging/(crediting):

	2008 £'000	2007 £'000
Research and development costs	244	310
Depreciation of property, plant and equipment	1,442	1,051
Amortisation of internally generated intangible assets and patents	585	525
Amortisation of trademarks	11	9
Amortisation of customer relationships	131	131
Staff costs (see note 7)	13,165	11,070
Loss/(profit) on disposal of property, plant and equipment	8	(12)
Auditors' remuneration for audit services (see below)	136	107
Auditors' remuneration for tax services	35	23
Net foreign exchange (gains)/losses	(751)	132

Amounts payable to Deloitte LLP by the Company and its UK subsidiary undertakings in respect of non-audit services were £27,000 (2007: £23,000).

A more detailed analysis of auditors' remuneration is provided below:

	2008 £'000	2007 £'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	26	26
Fees payable to the Company's auditors for the audit of the subsidiaries pursuant to legislation	87	87
Total audit fees	113	113
Tax services	50	34
Total non-audit fees	50	34

A description of the work of the audit committee is set out in the corporate governance statement on page 14 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors.

**7. Staff costs**

The average monthly number of employees (including Executive Directors) was:

	2008 Number	2007 Number
Production shop-floor	66	62
Engineering directs	141	121
	207	183
Sales and marketing	51	44
Administration	40	32
Other	14	14
	105	90
	312	273

Their aggregate remuneration comprised:

	2008 £'000	2007 £'000
Wages and salaries	11,275	9,499
Social security costs	1,319	1,025
Other pension costs	429	383
Share-based payments	142	163
	13,165	11,070

Details of Directors' remuneration, share options and pension contributions are included in the element of the Directors' Remuneration Report, marked as audited, on pages 16 and 17.

**8. Investment revenues**

	2008 £'000	2007 £'000
Bank Deposits	163	75

**9. Finance costs**

	2008 £'000	2007 £'000
Interest on bank loans and overdrafts	61	106
Interest on obligations under finance leases	25	41
Interest on defined benefit pension scheme	—	5
Dividend payable on 7.5% preference shares	11	11
Change in fair value of derivative financial instruments	272	(6)
	<b>369</b>	<b>157</b>

**10. Tax**

	2008 £'000	2007 £'000
Current tax charge	(606)	—
Deferred tax charge	(669)	(516)
	<b>(1,275)</b>	<b>(516)</b>

Corporation tax is calculated at 28.5% (2007: 30%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2008 £'000	2007 £'000
Profit before tax	5,003	4,166
Tax at the UK corporation rate of 28.5% (2007: 30%)	(1,426)	(1,250)
Adjusted for:		
Tax effect of expenses not deductible in determining taxable profit	(50)	(74)
Effect on deferred tax asset of movement in share price	(115)	—
Effect of previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	—	408
Effect of research and development relief	208	173
Tax effect of different tax rate of subsidiaries operating in other jurisdictions	17	32
Deferred tax not recognised on other timing differences	—	43
Prior year adjustment	104	203
Effective change in tax rate	(13)	(51)
	<b>(1,275)</b>	<b>(516)</b>

**11. Earnings per share**

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	<b>3,728</b>	3,650
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>41,491,801</b>	41,118,083
Effect of dilutive potential ordinary shares:		
– share options	<b>3,646,000</b>	3,199,500
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>45,137,801</b>	44,317,583

For a profit making Company with outstanding share options, net profit per share is decreased by the exercise of share options. Therefore diluted earnings per share are calculated by including all share options in the denominator irrespective of vesting conditions.

**12. Goodwill**

	£'000
<b>Cost</b>	
As at 1 January 2007	744
Adjustment to deferred consideration	(39)
As at 1 January 2008	705
Adjustment to deferred consideration	—
<b>As at 31 December 2008</b>	<b>705</b>
<b>Accumulated impairment</b>	
As at 1 January 2007	14
Impairment losses for the year	—
As at 1 January 2008	14
Impairment losses for the year	—
<b>As at 31 December 2008</b>	<b>14</b>
<b>Carrying amount</b>	
<b>As at 31 December 2008</b>	<b>691</b>
As at 31 December 2007	691

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2008 £'000	2007 £'000
Decontamination segment	—	—
TRaC segment	<b>691</b>	691
	<b>691</b>	691

The Group tests goodwill annually for impairment, based on estimated future cash flows and discounted at a rate reflecting current market assessments of the time value of money and the risks specific to the business segments, or more frequently if there are indications that goodwill might be impaired. The Group prepares discounted cash flows using the most recent financial budgets approved by the management and assumes an estimated blended growth rate of 5% per year over five years. The cash flows are discounted at a rate of 12%.

In 2007 the deferred consideration was adjusted after final calculation of the payments due as part of the acquisition agreement.

**13. Other intangible assets**

	Customer relationships £'000	Development costs and patents £'000	Trademarks £'000	Total intangible assets £'000
<b>Cost</b>				
As at 1 January 2007	619	7,382	—	8,001
Patents and trademarks reclassified to intangibles from fixed assets	—	—	35	35
Additions	—	843	17	860
As at 1 January 2008	619	8,225	52	8,896
Additions	—	1,100	—	1,100
Effect of foreign exchange	—	—	17	17
<b>As at 31 December 2008</b>	<b>619</b>	<b>9,325</b>	<b>69</b>	<b>10,013</b>
<b>Amortisation</b>				
As at 1 January 2007	223	1,670	—	1,893
Trademarks reclassified to intangibles	—	—	14	14
Charge for the year	131	525	9	665
As at 1 January 2008	354	2,195	23	2,572
Charge for the year	131	585	11	727
Effect of foreign exchange	—	—	10	10
<b>As at 31 December 2008</b>	<b>485</b>	<b>2,780</b>	<b>44</b>	<b>3,309</b>
<b>Carrying amount</b>				
<b>As at 31 December 2008</b>	<b>134</b>	<b>6,545</b>	<b>25</b>	<b>6,704</b>
As at 31 December 2007	265	6,030	29	6,324

The amortisation period for development costs incurred on the Group's product development is 15 years. Trademarks are amortised over their estimated useful lives, which is on average 15 years, although patent protections extends to 20 years. Customer relationships are amortised over five years.

**14. Property, plant and equipment**

	Land and Buildings £'000	Short-term leasehold improvements £'000	Fixtures and equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
As at 1 January 2007	—	932	8,634	—	9,566
Additions	—	3	1,522	240	1,765
Disposals	—	(14)	(580)	—	(594)
Trademarks reclassified as intangibles	—	—	(35)	—	(35)
Effect of foreign exchange	—	—	1	—	1
As at 1 January 2008	—	921	9,542	240	10,703
Additions	2,492	151	2,546	—	5,189
Disposals	—	(204)	(734)	—	(938)
Transfer of completed assets	—	—	240	(240)	—
Revaluation adjustment	—	—	299	—	299
Effect of foreign exchange	—	—	337	—	337
<b>As at 31 December 2008</b>	<b>2,492</b>	<b>868</b>	<b>12,230</b>	<b>—</b>	<b>15,590</b>
<b>Accumulated depreciation</b>					
As at 1 January 2007	—	382	5,588	—	5,970
Charge for the year	—	67	984	—	1,051
Disposals	—	(14)	(559)	—	(573)
Trademarks reclassified as intangibles	—	—	(14)	—	(14)
Effect of foreign exchange	—	—	8	—	8
As at 1 January 2008	—	435	6,007	—	6,442
Charge for the year	38	63	1,341	—	1,442
Disposals	—	(126)	(670)	—	(796)
Effect of foreign exchange	—	—	222	—	222
<b>As at 31 December 2008</b>	<b>38</b>	<b>372</b>	<b>6,900</b>	<b>—</b>	<b>7,310</b>
<b>Carrying amount</b>					
<b>As at 31 December 2008</b>	<b>2,454</b>	<b>496</b>	<b>5,330</b>	<b>—</b>	<b>8,280</b>
As at 31 December 2007	—	486	3,535	240	4,261

The carrying amount of the Group's fixtures and equipment includes an amount of £737,000 (2007: £598,000) in respect of assets held under finance leases.

The Group had no capital expenditure contracted but not provided for at the year end (2007: £nil).

**15. Subsidiaries**

A list of the significant investments in subsidiaries, including name and country of incorporation, is given in note 5 to the Company's separate financial statements.

**16. Inventories**

	2008 £'000	2007 £'000
Raw materials, spare parts and consumables	756	1,062
Work in progress	299	274
Finished goods and goods for resale	310	211
	<b>1,365</b>	<b>1,547</b>

**17. Trade and other receivables**

	2008 £'000	2007 £'000
Trade debtors	6,527	7,845
Other debtors	128	262
Corporation and other tax	107	43
Prepayments and accrued income	606	544
Pension asset	—	42
	<b>7,368</b>	<b>8,736</b>

All trade and other receivables are short-term and non-interest bearing. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

	2008 £'000	2007 £'000
Trade receivables	6,576	7,906
Allowance for doubtful debts	(49)	(61)
	<b>6,527</b>	<b>7,845</b>

The average credit period taken on sales of goods is 69 days. Included in the Group's trade receivable balance are debtors with a carrying amount of £1,901,000 (2007: £986,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 71 days.

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by senior management on a regular basis.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

**Movement in the allowance for doubtful debts**

	£'000
Balance at 1 January 2008	61
Amounts written off during the year	(7)
Decrease in the allowance recognised in the year	(5)
<b>Balance at 31 December 2008</b>	<b>49</b>

In determining the recoverability of the trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision in excess of the allowances for doubtful debts.

**18. Bank overdrafts and loans**

	2008 £'000	2007 £'000
Bank loans	1,465	428
The borrowings are repayable as follows:		
Amount due for settlement within 12 months	78	—
Amount due for settlement after 12 months (see note 24)	1,387	428
	<b>1,465</b>	<b>428</b>

## Analysis of borrowings by currency:

	Total £'000	Sterling £'000	Euros £'000
<b>31 December 2008</b>			
Bank loans	1,465	1,465	—

## Analysis of borrowings by currency:

	Total £'000	Sterling £'000	Euros £'000
<b>31 December 2007</b>			
Bank loans	428	—	428

## The weighted average interest rates paid were as follows:

	Year ended 2008 %	Year ended 2007 %
Bank loans	5	6.5

The Group had committed overdraft facilities available at 31 December 2008 of £2,600,000 (2007: £2,200,000), none of which facility was drawn at the end of the year. The facility is reviewed each year.

The bank loan is secured on the long lease property in Andover, UK which was purchased during the year. The loan was taken out with an interest rate of 1.25% over base rate, repayable over 15 years.

**19. Derivative financial instruments – currency derivatives**

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts within 70 to 80% of the exposure generated. The Group also enters into forward foreign contracts to manage the risk associated with anticipated sales and purchase transactions out to 6 months within 40 to 50% of the exposure generated. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

At the balance sheet date, total notional amount of outstanding forward foreign exchange contracts that the Group has committed are as below.

	2008 £'000	2007 £'000
Forward foreign exchange contracts	2,475	493

These arrangements are designed to address significant exchange exposures for the first half of 2009, and are renewed on a revolving basis as required. At 31 December 2008, the fair value of the Group's currency derivatives is estimated to be approximately £(272,000) (2007: £6,000). The fair value has been calculated as the present value of future expected cash flows at market related rates, which are current at the balance sheet date.

## Other financial (liabilities)/assets

	2008 £'000	2007 £'000
Financial (liabilities)/assets carried at fair value through profit and loss	(266)	6

## 19. Derivative financial instruments – currency derivatives continued

### Foreign currency risk management

The Group is mainly exposed to US Dollars and Euros. The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
USD	(1,754)	(2,298)	2,364	1,612
Euro	(2,307)	(3,262)	3,537	1,809

### Foreign currency sensitivity

The following table details the Group's sensitivity to a 10% change in pounds sterling against the respective foreign currencies. The 10% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. A positive number indicates an increase in profit or loss and other equity where pounds sterling strengthens against the respective currency.

	USD impact		Euro impact	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Profit or loss <sup>(i)</sup>	13	(205)	(24)	(310)
Equity <sup>(ii)</sup>	130	62	158	132

(i) this is mainly attributable to the translation of the trading of foreign subsidiaries and the exposure outstanding in USD and Euro receivables and payables, and in foreign denominated bank accounts.

(ii) this is mainly as a result of the translation of the investment in foreign subsidiaries.

## 20. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Deferred development costs £'000	Tax losses £'000	Decelerated capital allowances £'000	Other timing differences £'000	Total £'000
At 1 January 2007	(1,714)	1,205	503	106	100
Prior year adjustment	—	177	125	172	474
Charge/(credit) to income	(89)	(582)	(231)	(50)	(952)
Effect of rate differences	114	(92)	(42)	(18)	(38)
Net (charge)/credit to income statement	25	(497)	(148)	104	(516)
Charge to equity	—	—	—	275	275
At 1 January 2008	(1,689)	708	355	485	(141)
Prior year adjustment	—	(203)	303	—	100
Credit to income	(144)	(21)	(414)	(190)	(769)
Net (charge)/credit to income statement	(144)	(224)	(111)	(190)	(669)
Charge to equity	—	—	—	(282)	(282)
<b>At 31 December 2008</b>	<b>(1,833)</b>	<b>484</b>	<b>244</b>	<b>13</b>	<b>(1,092)</b>

At the balance sheet date, the Group had an unrecognised deferred tax asset of £46,000 (2007: £176,000); 2007 unrecognised deferred tax asset related primarily to capital losses.

At 31 December 2008 a deferred tax liability of £1,092,000 (2007: £141,000) has been recognised.

**21. Obligations under finance leases**

	Minimum lease payments		Present value of minimum lease payments	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Amounts payable under finance leases:				
Within one year	248	212	248	212
In the second to fifth years inclusive	158	174	134	151
After five years	28	29	26	27
	434	415	408	390
Less: future finance charges	(26)	(25)		
Present value of lease obligations	408	390		
Less: amount due for settlement within 12 months (shown under current liabilities)	—	—	248	212
Amount due for settlement after 12 months	—	—	160	178

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is five years. For the year ended 31 December 2008, the average effective borrowing rate was 6.9% (2007: 6.9%). All lease obligations are denominated in sterling. The fair value of the Group's lease obligations approximates their carrying amount. The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

**22. Trade and other payables**

	2008 £'000	2007 £'000
Trade creditors	2,962	2,917
Other creditors	1,033	1,082
Accruals and deferred income	2,528	1,921
	6,523	5,920

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 68 days (2007: 66 days). The Directors consider that the carrying amount of trade payables approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

**23. Provisions**

	Warranty provision £'000	Restructuring provision £'000	Other £'000	Total £'000
At 1 January 2008	126	97	1,673	1,896
Additional provision in the year	172	—	114	286
Utilisation of provision	(117)	(97)	(362)	(576)
At 31 December 2008	181	—	1,425	1,606
Included in current liabilities	181	—	1,425	1,606
Included in non-current liabilities	—	—	—	—
	181	—	1,425	1,606

The warranty provision represents management's best estimate of the Group's liability under 12 month warranties granted on products and services, based on past experience. Other provisions represent potential property-related costs, including property maintenance required under lease obligations within the subsidiaries.

**24. Non-current liabilities**

	2008 £'000	2007 £'000
Bank loans (see note 18)	1,387	428
Retirement benefit obligations	—	—
Non equity preference shares	150	150
Obligations under finance leases	186	178
	<b>1,723</b>	<b>756</b>

The fair value of the financial liabilities is approximately equal to book value due to the short maturity of the liabilities or because they bear interest at rates approximate to the market. The Group has 150,000 7.5% redeemable preference shares in issue.

**25. Share capital**

	2008		2007	
	Number	£'000	Number	£'000
Authorised				
Ordinary shares of 10p each	55,947,780	5,595	55,947,780	5,595
Redeemable deferred ordinary shares of £1 each	255,222	255	255,222	255
		<b>5,850</b>		<b>5,850</b>
Called up, allotted and fully paid				
Ordinary shares of 10p each	41,600,984	4,160	41,358,045	4,136
		<b>4,160</b>		<b>4,136</b>

During the year the Company issued a total of 242,939 ordinary shares of 10p each for £119,000 on the conversion of options under the executive share option schemes, which is being used to provide additional working capital.

**26. Share premium account**

	£'000
Balance at 1 January 2007	10,506
Premium arising on issue of equity shares	427
Balances at 31 December 2007	10,933
Transfer to Special reserve	(10,933)
Premium arising on issue of equity shares	95
<b>Balance at 31 December 2008</b>	<b>95</b>

**27. Special reserve**

	£'000
Balance at 1 January 2008	—
Transfer from the Share premium account	10,933
<b>Balance at 31 December 2008</b>	<b>10,933</b>

Following the agreement of shareholders at the EGM held on 27 May 2008 and subsequent approval by the Court on 26 June 2008, the Share Premium Account was cancelled and the balance of £10,933,000 transferred to the Special Reserve. These funds are now available for distribution.

**28. Equity reserve**

	£'000
Balance at 1 January 2007	525
Credit to equity for share-based payments	163
Movement in deferred tax charged to equity	288
Debit to equity on exercise of share options	(101)
Balance at 31 December 2007	875
Credit to equity for share-based payments	142
Movement in deferred tax charged to equity	(288)
Debit to equity on exercise of share options	(22)
<b>Balance at 31 December 2008</b>	<b>707</b>

**29. Capital reserve**

	£'000
Balance at 1 January 2007 & 1 January 2008	255
Additions	—
Balance at 31 December 2007 and 31 December 2008	<b>255</b>

**30. Translation reserve**

	£'000
Balance at 1 January 2007	(274)
Effects of foreign exchange in the period	45
Balance at 31 December 2007	(229)
Effects of foreign exchange in the period	383
<b>Balance at 31 December 2008</b>	<b>154</b>

**31. Retained earnings**

	£'000
Balance at 1 January 2007	(3,624)
Net profit for the year	3,650
Actuarial loss on defined benefit pension scheme	54
Movement in deferred tax in relation to pension asset	(12)
Exercised share options	102
Balance at 1 January 2008	170
Net profit for the year	3,728
Payment of dividend	(830)
Actuarial loss on pension scheme at wind up	(42)
Movement in deferred tax in relation to pension scheme wind up	12
Exercised share options	21
<b>Balance at 31 December 2008</b>	<b>3,059</b>

**32. Notes to the cash flow statement**

	2008 £'000	2007 £'000
Profit from operations	5,209	4,248
Adjustments for:		
Depreciation of property, plant and equipment	1,442	1,051
Amortisation and impairment losses of intangible assets	727	665
Revaluation of assets on transfer	(299)	—
Write back of deferred consideration	—	39
Share-based payments	142	163
Loss/(profit) on disposal of property, plant and equipment	8	(12)
(Decrease)/Increase in provisions	(301)	760
Operating cash flows before movements in working capital	6,928	6,914
Decrease/(increase) in inventories	259	(132)
Decrease/(increase) in receivables	2,082	(3,121)
(Decrease)/increase in payables	(375)	1,524
Cash generated by operations	8,894	5,185
Additional deferred benefit contribution	—	136
Non equity preference share dividends paid	(11)	(11)
Investment revenues	163	75
Interest paid	(86)	(152)
Net cash from operating activities	8,960	5,233

Of the new additions to fixtures and equipment during the year assets to the value of £349,000 (2007: £200,000) were financed by new finance leases. Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short term highly liquid investments with a maturity of three months or less.

**33. Operating lease arrangements**

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of four years and rentals are generally fixed for the period of the lease. There are no options to purchase within the agreements.

	2008 £'000	2007 £'000
Minimum lease payments under operating leases recognised in income for the year	1,014	992

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2008 £'000	2007 £'000
Within one year	757	826
In the second to fifth years inclusive	2,078	2,169
After five years	1,310	1,604
	4,145	4,599

**34. Share-based payments****Equity-settled share option schemes**

The Company has a share option scheme for all employees of the Group. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest except in certain circumstances in accordance with the Scheme Rules.

Special options with market-based conditions, have also been granted to certain Directors (as disclosed in the Directors' Remuneration Report) and senior members of staff.

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

	2008		2007	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding at beginning of period	3,199,500	111.9p	3,712,000	104.6p
Adjustment to opening balance	6,000	95.8p	—	—
Granted during the period	1,002,500	174.5p	285,000	128.0p
Lapsed during the period	(319,061)	127.6p	(134,000)	115.3p
Exercised during the period	(242,939)	87.0p	(663,500)	77.0p
Outstanding at the end of the period	3,646,000	129.4p	3,199,500	111.9p
Exercisable at the end of the period	2,088,030	113.0p	2,041,500	110.9p

The weighted average share price at the date of exercise for share options exercised during the period was 87.0p. The options outstanding at 31 December 2008 had a weighted average exercise price of 129.4p, and a weighted average remaining contractual life of 4.2 years. In 2008, 1,002,500 options were granted on 27 May. The aggregate of the estimated fair values of the options granted on that date was £1,749,000. In 2007, 285,000 options were granted on 26 March. The aggregate of the estimated fair values of the options granted on that date is £364,800.

The Black-Scholes model has been adopted as the Directors believe it provides a reasonable approximation to the fair values of the options concerned.

The inputs into the Black-Scholes model are as follows:

	2008	2007
Weighted average share price	174.5p	128.0p
Expected volatility	40%	45%
Expected life	4.5yrs	4.5 yrs
Risk free rate	4.85%	4.43%
Expected dividends	1%	—

Each tranche of share options was valued separately using the actual exercise price.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous five years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Outstanding at the beginning and end of the period were 800,000 Directors' special options issued in April 2004 at an exercise price of 120.5p, conditional upon the market-based performance condition. Further tranches of 540,000 (September 2006), 160,000 (March 2007) and 167,200 (May 2008) were granted at an exercise price of 109.0p, 128.0p and 174.5p respectively, to certain senior members of staff again conditional upon the market-based condition. The inputs into the Black-Scholes model are as set out in the table above, adjusted by a factor based on the probability of meeting the market-based conditions.

The Group recognised total expenses of £142,000 and £163,000 related to equity-settled share-based payment transactions in 2008 and 2007 respectively.

### 35. Pension arrangements

The Group operates a number of defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the Group to the funds and amounted to £429,000 (2007: £383,000). Amounts owing to schemes at 31 December 2008 amounted to £42,000 (2007: £46,000).

Until September 2008 the Group also operated a defined benefit scheme which had been closed to new members since May 1990 and whose assets were held separately from those of the Company.

Since the Scheme has been closed to future accrual for some time, the Trustees decided to buy-out the benefits with an insurer with the ultimate aim of winding-up the Scheme. In December 2007, the pensioners' benefits were bought out by Legal & General (with the first payment made by Legal & General on 1 March 2008 to these members). In September 2008, the Trustees secured the deferred members' benefits with Legal & General.

BIOQUELL PLC have made significant contributions to the Scheme to enable the full benefits of all these members to be secured with Legal & General so no further contributions will be needed. All annuities have so far been purchased in the Trustees name so they will assign these to individual members over the coming months and will then be able to formally wind-up the Scheme. The settlement fee of £160,000 was included in the accounts for year ending December 2007.

The overall expected rate of return of the plan assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class. Actuarial gains and losses which arose during the year have been deferred. The following disclosures have been produced in line with the December 2004 Amendments to IAS 19.

The major assumptions used for the actuarial valuation were:

	2008	2007
Rate of increase in salaries	n/a	n/a
Rate of increase in pension payment	3.0%	3.0%
Discount rate	6.45%	5.8%
Inflation assumption	3.0%	3.0%

The assumed life expectations on retirement at age 65 are:

	2008 years	2007 years
Retiring today:		
Males	18.5	18.5
Females	21.5	21.5
Retiring in 20 years:		
Males	38.5	38.5
Females	41.5	41.5

In the year to 31 December 2008, the Company made contributions of £174,000 (2007: £144,000) of which £160,000 (2007: £nil) had been provided for in the previous year. There was no pension cost charge for this scheme in the year (finance cost in 2007: £8,000). The Company will not make contributions during 2009.

Amounts recognised in income in respect of the Group's defined benefit scheme are as follows:

	2008 £'000	2007 £'000
Employers current service cost	—	—
Interest on obligation	27	27
Expected return on pension plan assets	(28)	(22)
Limit due to paragraph 58(b)	171	—
Total included in employee benefits expense	170	5

Amounts included in the balance sheet in respect of the defined benefit scheme are as follows:

	2008 £'000	2007 £'000
Present value of defined benefit obligation	412	467
Fair value of plan assets	(525)	(509)
Unrecognised actuarial gains/(losses)	(58)	—
Irrecoverable surplus	171	—
(Asset)/liability recognised in the balance sheet	—	(42)

**35. Pension arrangements continued**

Movements in the present value of defined benefit obligations were as follows:

	2008 £'000	2007 £'000
Opening defined benefit obligation	467	560
Interest on obligation	27	27
Actuarial gains on obligations	(78)	(75)
Benefits paid	(4)	(45)
	<b>412</b>	<b>467</b>

Movements in the fair value of the scheme assets were as follows:

	2008 £'000	2007 £'000
As at 1 January	509	417
Expected return on scheme assets	28	22
Actuarial losses and gains	(182)	(21)
Contributions	174	136
Benefits	(4)	(45)
As at 31 December	<b>525</b>	<b>509</b>

The analysis of the scheme assets and the expected rate of return is as follows:

	Expected return		Fair value of assets	
	31 December 2008 %	31 December 2007 %	31 December 2008 £'000	31 December 2007 £'000
Equities	n/a	8.20%	—	19
Fixed interest bonds	n/a	4.50%	—	461
Insurance policies	6.45%	n/a	412	—
Cash	6.45%	4.70%	113	29
	—	—	<b>525</b>	<b>509</b>

The five-year history of experience adjustments is as follows:

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Present value of defined benefit obligation	(412)	(467)	(560)	(655)	(570)
Fair value of scheme assets	525	509	417	456	432
Surplus/(deficit) in the scheme	<b>113</b>	42	(143)	(199)	(138)
Experience adjustments on scheme liabilities					
Amount (£'000)	52	29	41	3	—
Percentage of scheme liabilities (%)	13	6	7	—	—
Experience adjustments on scheme assets					
Amount (£'000)	(182)	(21)	(10)	23	5
Percentage of scheme assets (%)	(35)	(4)	(2)	5	1

**36. Related party transactions**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are therefore not disclosed.

## Five-year summary

	IFRS				
	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Revenue	<b>34,405</b>	34,096	25,238	17,220	15,494
Operating profit/(loss)	<b>5,209</b>	4,248	1,321	(397)	201
Profit/(loss) for the year before tax	<b>5,003</b>	4,166	1,157	(504)	129
Equity	<b>19,363</b>	16,140	11,457	10,145	10,101
Earnings/(loss) per share	<b>9.0p</b>	8.9p	2.9p	(0.8p)	0.8p
Dividend per share	<b>2.2p</b>	2.0p	—	—	—

## Company accounts

- 49 Statement of Directors' responsibilities
- 50 Independent auditors' report
- 51 Company balance sheet
- 52 Notes to the Company financial statements

## Statement of Directors' responsibilities

Year ended 31 December 2008

The Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the parent Company financial statements comply with the Companies Act 1985. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We have audited the parent Company financial statements of BIOQUELL plc for the year ended 31 December 2008 which comprise the Balance Sheet and the related notes 1 to 16. These Parent Company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of BIOQUELL plc for the year ended 31 December 2008 and on the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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**

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Parent Company financial statements give a true and fair view and whether the Parent Company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' report is consistent with the Parent Company financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited Parent Company financial statements. The other information comprises only the Directors' report, the Chairman's Statement and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Parent Company financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Parent Company financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Parent Company financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Parent Company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Parent Company financial statements.

#### **Opinion**

In our opinion:

- the Parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the Parent Company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the Parent Company financial statements.

#### **Deloitte LLP**

Chartered Accountants and Registered Auditors

Reading, United Kingdom

24 March 2009

**Company balance sheet**

At 31 December 2008

**51**

Results for the Company are presented under UK GAAP	Notes	2008 £'000	2007 £'000
<b>Fixed assets:</b>			
Investments	5	8,001	7,869
Property, plant & equipment	4	1,016	10
		<b>9,017</b>	<b>7,879</b>
<b>Current assets:</b>			
Debtors			
– due within one year	6	1,574	1,314
– due after one year	6	2,685	915
Cash at bank and in hand		8,620	10,581
		<b>12,879</b>	<b>12,810</b>
<b>Creditors: Amounts falling due within one year</b>	<b>7</b>	<b>(3,190)</b>	<b>(1,556)</b>
<b>Net current assets</b>		<b>9,689</b>	<b>11,254</b>
<b>Total assets less current liabilities</b>		<b>18,706</b>	<b>19,133</b>
<b>Creditors: Amounts falling due after more than one year</b>	<b>7</b>	<b>(1,537)</b>	<b>(2,084)</b>
<b>Net assets</b>		<b>17,169</b>	<b>17,049</b>
<b>Capital and reserves</b>			
Called up share capital	8	4,160	4,136
Share premium account	9	95	10,933
Special reserve	10	10,933	—
Equity reserve	11	707	587
Capital reserve	12	255	255
Profit and loss account	13	1,019	1,138
<b>Shareholders' funds</b>		<b>17,169</b>	<b>17,049</b>

The financial statements were approved by the Board of Directors and signed on its behalf by:

**Nicholas Adams**  
Director  
24 March 2009

**Mark Bodeker**  
Director

**1. Significant accounting policies****Basis of accounting**

The separate financial statements of the Company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The principal accounting policy is summarised below. It has been applied consistently throughout the year and the preceding year.

**Investments**

Fixed asset investments in subsidiaries and associates are shown at cost less provision for any impairment.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant, vehicles and machinery                      3 to 8 years

Property    25 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on material timing differences at the rate of tax anticipated to apply when these differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised where it is more likely than not that it will be recoverable in the future. Deferred tax assets and liabilities are not discounted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Share-based payments**

Refer to the policy statement in note 2 to the Group accounts.

**2. Loss for the year**

As permitted by section 230 of the Companies Act 1985 the Company has elected not to present its own profit and loss account for the year. BIOQUELL PLC has reported a loss, after the cost of share-based payments (£75,000; 2007: £29,000) for financial year ended 31 December 2008 of (£516,000) (2007: (£538,000)).

The auditors' remuneration for the audit services to the Company was £26,000 (2007: £26,000).

**3. Staff costs**

The average monthly number of employees (including executive Directors) of the Company was:

	2008	2007
Administration	4	4

Their aggregate remuneration comprised:

	2008 £'000	2007 £'000
Wages and salaries	643	538
Social security costs	125	65
Other pension costs	53	39
	<b>821</b>	<b>642</b>

#### 4. Fixed assets

	Property £'000	Plant and equipment £'000	Total property, plant and equipment £'000
Cost			
As at 1 January 2008	—	50	50
Additions	1,017	3	1,020
<b>As at 31 December 2008</b>	<b>1,017</b>	<b>53</b>	<b>1,070</b>
Accumulated amortisation			
As at 1 January 2008	—	40	40
Charge for the year	13	1	14
<b>As at 31 December 2008</b>	<b>13</b>	<b>41</b>	<b>54</b>
Net book value			
<b>As at 31 December 2008</b>	<b>1,004</b>	<b>12</b>	<b>1,016</b>
As at 31 December 2007	—	10	10

#### 5. Fixed asset investments

The companies listed below are wholly owned subsidiaries of the Company, incorporated in Great Britain, unless otherwise stated.

	Location
BIOQUELL UK Limited	Andover, UK and Paris, France
TRaC Environmental & Analysis Ltd (formerly known as Cape Engineering UK Limited)	Warwick, UK
EMC Projects Ltd	Ringwood, UK
TRaC Telecoms & Radio Ltd (formerly known as Laboratory Accreditation Solutions Ltd)	Kingston Upon Hull, UK
TRaC EMC & Safety Ltd (formerly known as TRL Compliance Ltd)	Malvern, UK
BIOQUELL Ireland Ltd	Limerick, Republic of Ireland
BIOQUELL Inc	Philadelphia, USA
BIOQUELL Defense Inc	Philadelphia, USA

The principal activities of the above companies include the design, manufacture and supply of bio-decontamination and containment equipment, related products and services to the pharmaceutical, healthcare, food and defence industries, and testing services to the aerospace, telecoms, defence and other industries.

	Investment in subsidiaries		
	Shares £'000	Loans £'000	Total £'000
Cost			
As at 1 January 2008	111	8,417	8,528
Foreign exchange differences	—	87	87
Additions – capital contribution made to subsidiaries	—	45	45
<b>As at 31 December 2008</b>	<b>111</b>	<b>8,549</b>	<b>8,660</b>
Provision for impairment			
As at 1 January 2008	(103)	(556)	(659)
<b>As at 31 December 2008</b>	<b>(103)</b>	<b>(556)</b>	<b>(659)</b>
Net book value			
<b>As at 31 December 2008</b>	<b>8</b>	<b>7,993</b>	<b>8,001</b>
As at 31 December 2007	8	7,861	7,869

## Notes to the Company financial statements continued

For the year ended 31 December 2008

**6. Debtors**

	2008 £'000	2007 £'000
Debtors due within one year:		
Amounts due from subsidiary undertakings	1,399	1,013
Other debtors	3	3
Corporation and other tax	74	10
Deferred tax	30	202
Prepayments and accrued income	68	86
	<b>1,574</b>	<b>1,314</b>
Debtors due after one year:		
Amounts due from subsidiary undertakings	2,685	873
Surplus on defined benefit pension scheme	—	42
Total Debtors	<b>4,259</b>	<b>2,229</b>

**7. Creditors**

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Amounts due to subsidiary undertakings	1,444	1,098
Accruals and deferred income	352	452
Bank Loan	78	—
Proposed preference dividend	6	6
Provision	1,310	—
	<b>3,190</b>	<b>1,556</b>
Amounts falling due after one year:		
Bank loan	1,387	428
Provision	—	1,506
Retirement benefit obligations	—	—
First preference shares of £1 each	150	150
	<b>1,537</b>	<b>2,084</b>

**8. Called up share capital**

	2008		2007	
	Number	£'000	Number	£'000
Authorised				
Ordinary shares of 10p each	55,947,780	5,595	55,947,780	5,595
Redeemable deferred ordinary shares of £1 each	255,222	255	255,222	255
		<b>5,850</b>		<b>5,850</b>
Called up, allotted and fully paid up				
Ordinary shares of 10p each	41,600,984	4,160	41,358,045	4,136
		<b>4,160</b>		<b>4,136</b>

During the year the Company issued a total of 242,939 ordinary shares of 10p each for £119,000 on the conversion of options under the executive share options schemes, which is being used to provide additional working capital. Under FRS 25 "Financial instruments: disclosure and presentation" the first preference shares are reclassified from called up share capital to Creditors: amounts falling due after more than one year with effect from 1 January 2006.

**9. Share premium account**

	£'000
Balance at 1 January 2007	10,506
Premium arising on issue of equity shares	427
Balance at 1 January 2008	10,933
Transfer to Special reserve	(10,933)
Premium arising on issue of equity shares	95
<b>Balance at 31 December 2008</b>	<b>95</b>

**10. Special reserves**

	£'000
Balance at 1 January 2008	—
Transfer from Share Premium account	10,933
<b>Balance at 31 December 2008</b>	<b>10,933</b>

**11. Equity reserves**

	£'000
Balance at 1 January 2007	267
Credit to equity for share-based payments	38
Credit to equity for share-based payment to subsidiary employees	412
Debit to equity on exercise of share options	(130)
Balance at 1 January 2008	587
Credit to equity for share-based payments	75
Credit to equity for share-based payment to subsidiary employees	45
<b>Balance at 31 December 2008</b>	<b>707</b>

**12. Capital reserves**

	£'000
Balance at 1 January 2007 and 1 January 2008	255
Additions	—
<b>Balance at 31 December 2008</b>	<b>255</b>

**13. Profit and loss account**

	£'000
Balance at 1 January 2007	1,472
Loss for the financial year	(538)
Actuarial gain on defined benefit pension scheme	54
Exercised share options	130
Exchange gain	20
Balance at 1 January 2008	1,138
Loss for the financial year	(516)
Exchange gain	397
<b>Balance at 31 December 2008</b>	<b>1,019</b>

Under FRS 20 "Share-based payments", equity settled share-based payments to employees are part of employee benefit expense in the profit and loss account. A corresponding increase in equity reserves has been made.

Under FRS 17 "Employee benefits" the defined benefit pension liability has been recognised. See note 35 of the consolidated financial statements.

**14. Reconciliation of movements in shareholders' funds**

	£'000
Balance at 1 January 2007	16,569
Issue of equity shares	494
Equity reserve – share-based payments	38
Credit to equity for share-based payments to subsidiary employees	412
Loss for the financial year	(538)
Actuarial gain on defined benefit pension scheme	54
Exchange gain in the year	20
<b>Balance at 1 January 2008</b>	<b>17,049</b>
Issue of equity shares	119
Equity reserve – share-based payments	75
Credit to equity for share-based payments to subsidiary employees	45
Loss for the financial year	(516)
Exchange gain in the year	397
<b>Balance at 31 December 2008</b>	<b>17,169</b>

FRS 24 "Financial instruments: disclosure and presentation" has been implemented with effect from 1 January 2006. Accordingly preference share capital has been reclassified as a long-term liability.

**15. Share-based payments****Equity settled share option schemes**

The Company's employees are able to participate in the Group's share options schemes. Details of these schemes are given in note 34 of the Group's accounts.

Details of the share options outstanding with employees of the Company during the year are as follows:

	2008		2007	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding at beginning of year	1,411,000	116.3p	1,607,000	107.1p
Granted during the year	284,000	174.5p	14,000	128.0p
Lapsed during the year	(138,061)	123.0p	—	—
Exercised during the year	(81,939)	123.0p	(210,000)	46.4p
<b>Outstanding at the end of the year</b>	<b>1,475,000</b>	<b>125.3p</b>	<b>1,411,000</b>	<b>116.3p</b>
<b>Exercisable at the end of the year</b>	<b>355,000</b>	<b>97.7p</b>	<b>567,000</b>	<b>110.5p</b>

Note 34 of the Group accounts describes the valuation of share options.

**16. Pension arrangements**

The Company pension arrangements are discussed in note 35 of the Group accounts.

# BIOQUELL Group directory



## **BIOQUELL UK Ltd**

52 Royce Close  
West Portway  
Andover  
Hampshire  
SP10 3TS  
Tel: +44 (0) 1264 835835  
Fax: +44 (0) 1264 835836

## **BIOQUELL Inc**

101 Witmer Road, Suite 400  
Horsham  
Philadelphia  
PA 19044  
USA  
Tel: +1 215 682 0225  
Fax: +1 215 682 0395

## **BIOQUELL Defence**

52 Royce Close  
West Portway  
Andover  
Hampshire  
SP10 3TS  
Tel: +44 (0) 1264 835888  
Fax: +44 (0) 1264 835889

## **BIOQUELL Defense Inc**

516 Stump Road  
Montgomeryville  
Philadelphia  
PA 18936  
USA  
Tel: +1 215 368 4641  
Fax: +1 215 368 4652

## **BIOQUELL Customer Service**

52 Royce Close  
West Portway  
Andover  
Hampshire  
SP10 3TS  
Tel: +44 (0) 1264 835800  
Fax: +44 (0) 1264 835801

## **BIOQUELL Ireland Ltd**

Unit E4, Eastway Business Park  
Ballysimon Road  
Limerick  
Republic of Ireland  
Tel: +353 61 603622  
Fax: +353 61 603627

## **BIOQUELL France**

153 Quai du Rancy  
94380 Bonneuil sur Marne  
Paris  
France  
Tel: +33 1 4378 1594  
Fax: +33 1 4378 1584



## **TRaC Environmental & Analysis Ltd**

Rothwell Road  
Warwick  
Warwickshire  
CV34 5JX  
Tel: +44 (0) 1926 478478  
Fax: +44 (0) 1926 478479

## **TRaC Telecoms & Radio Ltd**

Unit E  
South Orbital Trading Park  
Hedon Road  
Kingston upon Hull  
HU9 1NJ  
Tel: +44 (0) 1482 801801  
Fax: +44 (0) 1482 801806

## **TRaC EMC & Safety Ltd**

100 Frobisher Business Park  
Leigh Sinton Road  
Malvern  
Worcestershire  
WR14 1BX  
Tel: +44 (0) 1684 571700  
Fax: +44 (0) 1684 571701



**BIOQUELL PLC**

52 Royce Close, West Portway, Andover SP10 3TS

BIOQUELL Sales 0800 220 700

BIOQUELL Service 0800 052 7800

Tel: 01264 835 900

Fax: 01264 835 901

[enquiries@bioquell.com](mailto:enquiries@bioquell.com)

[www.bioquell.com](http://www.bioquell.com)