



FOR IMMEDIATE RELEASE

15 May, 2012

Bioquell PLC

Interim Management Statement

Bioquell PLC ("Bioquell") (LSE symbol: BQE) - provider of specialist bio-decontamination technologies to the international Healthcare, Life Sciences & Defence markets, and specialist testing services in the UK, announces its Interim Management Statement for the period from 1 January, 2012 to 14 May, 2012.

Financial position and financial performance of the Company

Group orders in the period ending April 2012 were ahead of the same period for last year; Group revenues in the same period were in line with the previous year.

Margins for the current year have been held back slightly as we have increased expenditure in the final stages of bringing a number of new products to market.

New product development: generating recurring secondary revenues

Two years ago the Board of Bioquell PLC decided that the Group needed to take proactive steps to change the business model of its Bio-decontamination division and increase significantly the proportion of its turnover generated from recurring revenues derived from consumables, service and rental. This change in business model has been designed to improve the quality of the Group's earnings, increase margins and reduce the impact of the, sometimes lumpy, defence business on the Group's results.

The first of these new products developed under this revised business model – the Bioquell QUBE, which incorporates a hydrogen peroxide consumable cartridge – will be launched in Germany at the Life Sciences Achema exhibition next month. We anticipate that the QUBE will have applications in both the Life Sciences and Healthcare sectors.

Further new products, developed for the international Life Sciences and Healthcare sectors, are expected to be launched later in the year.

Life-Sciences

Currently the Life Sciences market remains by far the largest contributor to revenues and profit in the Group's Bio-decontamination division.

Underlying interest in, and opportunities for, Bioquell's hydrogen peroxide vapour ("HPV") bio-decontamination technology continue to grow in the international Life Sciences market, particularly in the bio-pharmaceutical sector. For example, the various international regulators are focused on the risks of product-tainting from biological cross-contamination, particularly in respect of biologically-derived pharmaceutical products. As a result we believe that there are interesting

opportunities for Bioquell's technology to help clients address regulatory concerns - including in the 'sterility test' market (where manufacturers are required to generate empirical data to demonstrate that their manufactured-product has not been biologically contaminated).

Activity levels vary between geographical regions. In Asia Pacific our Life Sciences business is strong and continues to grow robustly; North America is performing satisfactorily and Europe is more mixed with, for example, our French business finding current trading conditions challenging.

Healthcare

We are seeing some interesting developments in the application of our HPV bio-decontamination technology, and associated operational expertise, in the international Healthcare sector. For the last decade Bioquell has been at the vanguard of research which has demonstrated the significant role that contaminated hospital surfaces play in the transmission of hospital acquired infection ("HAI"). Despite some notable successes in reducing MRSA rates, largely linked to improved hand hygiene, HAI remains a major problem for many hospitals. HAI-challenges include highly antibiotic resistant Gram-negative bacteria, such as *Acinetobacter baumannii*, as well as Norovirus and *Clostridium difficile*.

We are beginning to see demand from hospitals for more of a holistic solution to their HAI-related clinical and financial problems. We anticipate that new products which we are currently developing for the Healthcare sector (and which we will launch later this year) should enable the Group to offer a more broadly-based solution to hospitals facing HAI-issues.

Defence

Our sales and engineering teams are currently extremely busy working on the early development-related stages of a number of UK and international defence-related programmes, principally in respect of Chemical, Biological, Radiological and Nuclear ("CBRN") filtration systems. We believe that this work should result in significant increases to our defence order book and an improved profile of future defence revenues.

So far this year the defence revenues booked do not reflect the scale of the work being undertaken by our engineers on defence-related development work and contract bid work. The majority of our defence revenues are generated when we ship manufactured systems to customers, following a period of engineering development. Based on our current order book we expect that our defence revenues will increase later on this year.

TRaC

TRaC – the Group's Testing, Regulatory and Compliance service business - has had a good start to 2012 and continues to perform well and grow. Although many of TRaC's clients are UK-based, a large proportion of them sell directly or indirectly into export markets. For example, clients within the UK aerospace market have generated substantial fee income for TRaC so far this year as a number of new aircraft are brought into service and need appropriate component testing and certification. In addition, TRaC's well-invested testing facilities and associated employee-experts mean that it is increasingly working more closely

with the large 'blue-chip' UK prime contractors, often in relation to large contracts.

TRaC is continuing to expand the services it offers its existing client base, including via ESQ (its consultancy arm), and is also investigating ways in which it can assist new clients in different sectors. In parallel TRaC is partnering with other specialist testing companies in order to maximise the breadth and depth of its service offerings, particularly to large UK companies.

Outlook / prospects

Overall the outlook for the Group is encouraging despite challenging trading conditions in some of our markets.

In the Bio-decontamination division we are focussing substantial resources on completing the development of a number of innovative new products with recurring revenues which will be launched later this year. We anticipate that these products will be well received by the market and we expect them to be a key engine of future growth for the Group. However, activity levels are highly regionally dependent – with, for example, at the current time Asia Pacific strong and Europe relatively weak.

We are seeing good levels of investment in the international Life Sciences sector – from research organisations through to production facilities. However we are seeing more restricted levels of expenditure in the healthcare sector, focussed more strongly around cost savings.

In the defence sector we continue to see high levels of interest at the development stage of new military vehicle or shelter programmes, albeit these programmes can take time post contract-award to generate revenues from manufactured products.

TRaC sees a number of opportunities for growth in 2012.

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

- Ends -

Enquiries

Nigel Keen (Chairman)	Bioquell PLC	01264 835 900
Nick Adams (Chief Executive)		
Mark Bodeker (Finance Director)		

Notes to editors:

- Bioquell is a UK-headquartered, international technology company with two divisions:
 - **Bio-decontamination** which sells specialist bio-decontamination products and services into the Life Sciences, Healthcare and Defence sectors, with approximately three-quarters of its revenues generated from overseas customers, and has also developed novel wound-care technology; and
 - **TRaC** which provides specialist Testing, Regulatory and Compliance services principally to UK corporates involved in new product development.
- Bioquell's bio-decontamination technology is based around hydrogen and oxygen peroxide. For example, hydrogen peroxide vapour is highly efficacious at eradicating micro-organisms such as bacteria, viruses and fungi at room temperature – and is subsequently broken down using specialist catalysts to water vapour and oxygen at the end of the bio-decontamination process.
- Bioquell's bio-decontamination technology:
 - is used by bio-pharmaceutical, biotechnology and research institutions to provide sterile equipment and/or sterile working environments;
 - provides bio-security to research and manufacturing facilities;
 - is used to eradicate “superbugs” from hospitals. Independent published scientific research has demonstrated that ‘bioquelling’ hospital equipment and facilities reduces significantly the rates of hospital acquired infection;
 - has been incorporated in a wound-care product – BioxyQuell – which has received European regulatory approval;
 - was selected by the United States Department of Defense for the JSSED programme to decontaminate sensitive equipment against biological and chemical warfare agents; and
 - is also used in other sectors where bioburden can create significant problems
- Bioquell currently has overseas operations in the USA, France, Ireland, Singapore, China and Brazil.
- TRaC sells its specialist services to the research and product development departments of a broad range of companies, principally based in the UK, with a particular focus on aerospace, military and telecoms clients.
- This announcement contains certain forward-looking statements which have been made by the Directors in good faith using information available to them up to the date at which they approved the announcement. Forward-looking statements should be regarded with caution as by their nature such statements involve risk and uncertainties relating to events and circumstances that may occur in the future. Actual results may differ from those expressed in such statements, depending on the outcome of these uncertain future events.