

11 September 2007

INTERIM RESULTS

FOR THE SIX MONTHS TO 30 JUNE 2007

During the six months ended 30 June 2007, Virotec International plc ("Virotec" or the "Company") has continued to operate in three main regions - Australia and Asia, Europe and USA.

In Australia, the Group's environmental remediation company posted record months in April and May in terms of revenue and profitability. Australia and Asia are markets where Virotec has operated the longest and have been the proving ground for our core Technologies, developing the various environmental remediation and waste treatment applications and proving their commercial acceptance and viability. This company was profitable last year and continues to increase both its revenue and profitability.

In Europe, the main focus to date has been in the United Kingdom. Initially, Virotec targeted water companies with its ViroFilter™ Technology for phosphate removal from municipal wastewater. This Technology had been successfully trialled by an independent body, the Water Research Council and has now been verified by one of the country's largest water companies. Now Virotec is working with a number of water companies, and has recently announced a significant municipal wastewater project to be implemented in the next few months. Due to customer budgetary cycles, this part of the market has taken longer than expected to penetrate. During the period, a new general manager for UK operations was appointed, and the business has been refocused on other areas of waste treatment, including hazardous solids waste management, that have had successfully exploited in Australia and which are expected to generate a faster return in the UK.

The USA is our largest target market and three key industries have been identified for near-term focus by Virotec.

1. Drinking Water from Wells - Virotec has spent a significant amount of time addressing the regulatory issues associated with drinking water, particularly where contaminants include radium, uranium, gross alpha and/or arsenic. Support from regulators is encouraging and it is expected that this market will grow significantly over the next 12 months. The initial focus has been radium in drinking water, where in South Carolina alone we have been advised there are over 500 wells that require some level of radium treatment. This problem exists in a number of states (Virotec is at different stages of negotiations with companies in seven states) and to date, four wells have contracted to use our ViroFlow™ Technology solution. The first customer is now on line, and our sales effort has increased in this regard. Virotec expects that more wells will be signed up progressively throughout the remainder of the year (and beyond).

2. Phosphate Removal from Concentrated Animal Feeding Operation (CAFO) Lagoons - In June 2007, Virotec was contracted to treat 13 lagoons for the largest hog farmer in the world. The treatments have been completed and the results are currently being monitored. Once this monitoring has been completed, it is expected that further contracts to treat additional lagoons will follow. These results will allow part of our ongoing sales efforts to target other CAFOs. Again, Virotec is encouraged that the regulators are cracking down on phosphate discharge limits in waterways, and Virotec has demonstrated an effective solution to this growing problem.

3. Wastewater Treatment Plants - To date four wastewater treatment plants have been contracted to use ViroFlow™ Technology to treat their waste lagoons for phosphate and odour reduction. These treatments have been successful and Virotec now has important reference sites to demonstrate the effectiveness of the Technology to other companies.

Virotec operates in areas where regulatory approvals and customer acceptance take time to obtain. These approvals have taken longer than the Company

expected, however now that these milestones have been achieved, Virotec is focussed on the commercial roll out of its products and services.

Looking to the financial results for the six months to June 2007, Virotec recorded a loss of AUD\$6.0 million. This compares to a profit of AUD\$2.8 million for the corresponding period to June 2006, which included substantial revenue (of AUD\$12.2 million) for the sub-licence and sale of non-core technologies to The Greenhouse Fund Limited. When the effect of this transaction is removed from the prior period to produce a like comparative, the result becomes a loss for the period to June 2006 of AUD\$9.2 million.

Revenue derived from Virotec's environmental remediation operations has continued to increase period-on-period, with a 31% increase over the six months to December 2006 and 504% over the six months to June 2006 (after adjusting for the revenue from the Greenhouse transaction noted above). Although these revenue numbers are modest, the Directors of the Company are satisfied that they evidence growing acceptance of Virotec's Technologies with successful implementation of many projects, and this success underpins the substantial potential for further growth.

As the result of sub-licences and sales of technologies by Virotec over the last few years, including the transaction with The Greenhouse Fund noted above, Virotec retains shareholdings in The Greenhouse Fund and the HydroDec Group plc, with market values of AUD\$8.5 million and AUD\$34.7 million respectively at 30 June 2007. In addition, Virotec is entitled to royalties from revenue earned from the exploitation of certain technologies, and during the period the first of these royalties have been earned.

The Directors have never been more confident of the benefits of our products and services and that we provide the only viable solution for a number of key environmental problems is a key to our continued success. As the development of our Technologies and regulatory sign offs are now completed, the Directors believe it is only a matter of time before the Technologies will gain even wider market acceptance.

Brian Sheeran
Chairman
11 September 2007

Consolidated Balance Sheet

As at 30 June 2007

	Unaudited 30 June 2007 AUD\$ '000	Unaudited 30 June 2006 AUD\$ '000	31 Dec 2006 AUD\$ '000
Assets			
Property, plant and equipment	5,886	4,161	6,019
Investments in equity accounted investees	4,618	6,719	5,396
Investments	8,499	10,978	9,680
Receivables	529	521	521
	-----	-----	-----
Total non-current assets	19,532	22,379	21,616
	-----	-----	-----
Inventories	1,251	1,360	1,475
Trade and other receivables	1,971	440	1,955
Cash and cash equivalents	4,062	10,812	3,283
	-----	-----	-----
Total current assets	7,284	12,612	6,713
	-----	-----	-----
Total assets	26,816	34,991	28,329
	-----	-----	-----

Equity			
Share capital	6,535	-	5,959
Reserves	109,493	110,126	105,944
Retained deficit	(92,734)	(77,149)	(86,890)
	-----	-----	-----
Total equity attributable to equity holders of the Company	23,294	32,977	25,013
Minority interest	-	47	-
	-----	-----	-----
Total equity	23,294	33,024	25,013
	-----	-----	-----
Liabilities			
Interest-bearing loans and borrowings	184	2	551
Provisions	690	670	690
	-----	-----	-----
Total non-current liabilities	874	672	1,241
	-----	-----	-----
Interest-bearing loans and borrowings	160	22	139
Trade and other payables	2,237	1,062	1,705
Employee benefits	226	161	206
Provisions	25	50	25
	-----	-----	-----
Total current liabilities	2,648	1,295	2,075
	-----	-----	-----
Total liabilities	3,522	1,967	3,316
	-----	-----	-----
Total equity and liabilities	26,816	34,991	28,329
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Consolidated Income Statement

For the six months ended 30 June 2007

	Unaudited six months ended 30 June 2007 AUD \$'000	Unaudited six months ended 30 June 2006 AUD \$'000	Six months ended 31 December 2006 AUD \$'000
Revenue	2,061	12,539	1,570
Cost of sales	(906)	(520)	(1,053)
	-----	-----	-----
Gross profit	1,155	12,019	517
Other income	46	17	33
Sales and marketing expenses	(1,633)	(1,091)	(2,681)
Administrative expenses	(5,148)	(7,397)	(4,195)
	-----	-----	-----
Loss from operating activities	(5,580)	3,548	(6,326)
	-----	-----	-----
Financial income	99	456	204
Financial expenses	(18)	(2)	(31)
	-----	-----	-----
Net financing income	81	454	173
	-----	-----	-----
Share of loss of associate	(515)	(1,219)	(1,412)
	-----	-----	-----
Loss before tax	(6,014)	2,783	(7,565)
Taxation	-	-	-
	-----	-----	-----
Loss after tax	(6,014)	2,783	(7,565)
	-----	-----	-----

Attributable to:			
Equity holders of the parent	(6,014)	3,056	(7,565)
Minority	-	(273)	-
	-----	-----	-----
Loss for the period	(6,014)	2,783	(7,565)
	-----	-----	-----
Earnings per ordinary share:			
Basic earnings per share (AUD\$)	(0.02)	0.012	(0.032)
	-----	-----	-----
Diluted earnings per share (AUD\$)	(0.02)	0.012	(0.032)
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Consolidated Statement of Recognised Income and Expense

	Unaudited six months ended 30 June 2007 AUD \$'000	Unaudited six months ended 30 June 2006 AUD \$'000	Six months ended 31 December 2006 AUD \$'000
Foreign currency translation differences for foreign operations	(1,014)	466	(420)
Net change in fair value of available-for-sale financial assets	(885)	(558)	(1,298)
	-----	-----	-----
Income and expense recognised directly in equity	(1,899)	(92)	(1,718)
Loss for the period	(6,014)	2,783	(7,565)
	-----	-----	-----
Total recognised income and expense for the period	(7,913)	2,691	(9,283)
	-----	-----	-----
Attributable to:			
Equity holders of the Company	(7,913)	2,964	(9,283)
Minority interest	-	(273)	-
	-----	-----	-----
Total recognised income and expense for the period	(7,913)	2,691	(9,283)
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Consolidated Statement of Cash Flows

	Unaudited six months ended 30 June 2007 AUD \$'000	Unaudited six months ended 30 June 2006 AUD \$'000	Six months ended 31 December 2006 AUD \$'000
Cash flows from operating activities			
Cash receipts in the course of operations	2,360	2,289	1,035
Cash payments in the course of operations	(5,634)	(6,248)	(7,049)
	-----	-----	-----
Cash generated from operations	(3,274)	(3,959)	(6,014)
Interest received	99	441	205
Interest paid	(18)	(3)	(11)
	-----	-----	-----
Net cash from operating activities	(3,193)	(3,521)	(5,820)
	-----	-----	-----
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	46	11	20
Proceeds from sale of investment	-	503	-
Acquisition of property, plant and equipment	(495)	(1,903)	(2,395)
	-----	-----	-----
Net cash from investing activities	(449)	(1,389)	(2,375)
	-----	-----	-----

Cash flows from financing activities			
Proceeds from the issue of share capital	4,984	-	-
Share issue costs	(216)	-	-
Increase/(decrease) in borrowings	(347)	-	666
Net cash from financing activities	4,421	-	666
Net increase/(decrease) in cash and cash equivalents	779	(4,910)	(7,529)
Cash and cash equivalents at 1 January	3,283	15,722	10,812
Cash and cash equivalents at 30 June	4,062	10,812	3,283

Notes to the Consolidated Financial Statements

1. REPORTING ENTITY

Virotec International plc (the "Company") is a company domiciled in England. The address of the Company's registered office is Bioscience Centre, International Centre for Life, Times Square, Newcastle, England. The consolidated financial statements of the Company as at and for the period ended 30 June 2007 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The Group primarily is involved in the provision of environmental services. On 25 August 2006, the Company became the holding company of Virotec International Ltd. The former Virotec International Ltd shareholders were issued new shares in the Company on a one-for-one basis under the terms of the Scheme of Arrangement (the "Scheme") approved by Virotec International Ltd shareholders. Immediately following the Scheme, the former shareholders of Virotec International Ltd held the same economic interest in Virotec International plc as they held in Virotec International Ltd immediately prior to its implementation.

Accordingly, the acquisition of Virotec International Ltd via the Scheme has been accounted for as a reverse acquisition under IFRS3 "Business Combinations". For accounting purposes in a reverse acquisition, the acquirer (Virotec International Ltd) is the entity whose equity interests have been acquired and the issuing entity (Virotec International plc) is the acquiree. The effect of this is that the financial statements of the combined group represent a continuation of Virotec International Ltd's financial statements.

Virotec International plc, together with its subsidiaries, is referred to as the "Group". Consolidated financial information has been presented for the Group for the six month periods ended 30 June 2007, 31 December 2006 and 30 June 2006.

2. BASIS OF PREPARATION

The interim consolidated financial statements for the six months ended 30 June 2007 have been prepared under applicable International Financial Reporting Standards adopted by the European Union ("IFRS") which include International Accounting Standards and interpretations issued by the International Accounting Standards Board and its committees, which are expected to be endorsed by the European Union.

This interim financial information has been prepared on the historical cost basis, except for financial assets available for sale which are held at fair value. The accounting policies applied are consistent with those adopted and disclosed in the annual financial statements for the period ended 31 December 2006. The financial information for the comparative six months ended 30 June 2006 was prepared under Australian Accounting Standards

(AASBs), IFRS form the basis of AASBs and no adjustment to the comparative information has been necessary as no material differences have been identified.

The financial information included in this document does not comprise statutory accounts within the meaning of section 240 of the Companies act 1985. The comparative figures for the financial period ended 31 December 2006 are extracted from the statutory financial statements for that period which have been filed with the Registrar of Companies and on which the auditor gave an unqualified report, without any statement under section 237 (2) or (3) of the Companies Act 1985.

The financial information is unaudited and has not been reviewed by the auditor.

3. SEGMENT REPORTING

Business segments

The Group operates within one business segment of environmental services - the provision of solutions to industry for the treatment of contaminated water and soil. Previously the Group has also operated in the business segment of research and development into different applications, but has stopped this work since June 2006 when all non-core technologies were sold to the Greenhouse Fund Limited. All research and development work conducted during the period relates to the core business of the Group, being the provision of solutions for environmental problems.

The Group also retains mining tenements, however as they represent less than 10% of the Group's assets, are not considered significant, and are therefore not reported separately.

Geographical segments

The environmental services segment is managed on a worldwide basis, and operates in three principal geographical areas:

- Australia, Asia and the Middle East;
- Europe; and
- North America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Australia, Asia and Middle East AUD\$'000	North America AUD\$'000	Europe AUD\$'000	Consolidated AUD\$'000
30 June 2007				
Revenue	1,374	490	197	2,061
Segment assets	10,972	5,484	11,100	27,556
Capital Expenditure	133	332	30	495
30 June 2006				
Revenue	12,327	15	197	12,539
Segment assets	29,634	3,601	1,756	34,991
Capital Expenditure	255	1,630	18	1,903

31 December 2006

Revenue	890	127	553	1,570
Segment assets	19,913	6,418	1,998	28,329
Capital Expenditure	76	2,283	36	2,395

4. SHARE CAPITAL AND RESERVES

Issues	Number of Ordinary Shares	Nominal Value AUD\$ '000	Merger Reserve AUD\$ '000	Share Premium Reserve AUD\$ '000
Issued on incorporation	2	-	-	-
Shares issued to acquire Virotec International Ltd	240,162,440	5,959	96,417	-
Balance at 31 December 2006	240,162,442	5,959	96,417	-
Shares issued under a placing agreement at 12p per share	17,350,000	415	-	4,569
Shares issued under executive incentive agreements at 14p per share	6,655,789	161	-	3,798
Capital raising costs	-	-	-	(216)
Balance at 30 June 2007	264,168,231	6,535	96,417	8,151

Authorised issued and fully paid share capital

	30 June 2007 AUD\$ '000	30 June 2006 AUD\$ '000	31 Dec 2006 AUD\$ '000
Authorised share capital 900,000,000 ordinary shares of 1p each	22,332	22,332	22,332
Called up, allotted and fully paid 264,168,231 ordinary shares of 1p each	6,535	-	5,959

As at 30 June 2007 the Company has also granted a total of 16,480,000 options. (30 June 2006: 11,460,000 options).

	Share capital	Merger reserve	Share premium reserve	Trans- lation reserve	Fair value reserve	Share based payments reserve	Retained earnings	Total	Minority interest	Total equity
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
Effect of reverse acquisition	-	102,376	-	155	-	7,595	(77,149)	32,977	47	33,024
Prior period adjustment	-	-	-	-	-	2,176	(2,176)*	-	-	-
Total recognised income and	-	-	(420)	(1,298)	-	(7,565)	(9,283)	(47)	(9,330)	**

expense											-
Equity settled transactions	-	-	-	-	-	1,319	-	1,319	-	1,319	- 1,319
Share issues	5,959	(5,959)	-	-	-	-	-	-	-	-	-

Balance at 31 December 2006	5,959	96,417	-	(265)	(1,298)	11,090	(86,890)	25,013	-	25,013	- 25,013

Total recognised income and expense	-	-	-(1,014)	(885)		-	(6,014)	(7,913)	-	(7,913)	
Equity settled transactions	-	-	-	-	-	1,426	-	1,426	-	1,426	- 1,426
Share issues	576	-	8,367	-	-	(4,129)	170	4,984	-	4,984	- 4,984
Capital raising costs	-	-	(216)	-	-	-	-	(216)	-	(216)	- (216)

Balance at 30 June 2007	6,535	96,417	8,151	(1,279)	(2,183)	8,387	(92,734)	23,294	-	23,294	- 23,294

* Previous year adjustment relating to an IFRS conversion error.

** Minority interest no longer recognised as related entity has moved into net liabilities.

5. EARNINGS PER SHARE

Profit attributable to ordinary shareholders

	Six Months ended June 2007 AUD\$ '000	Six Months ended 30 June 2006 AUD\$ '000	Six Months ended 31 Dec 2006 AUD\$ '000
Loss for the period	(6,014)	2,783	(7,565)
Loss attributable to ordinary shareholders	(6,014)	3,056	(7,565)

Weighted average number of ordinary shares

	Number	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	250,312,825	240,162,442	240,162,442

The options noted above are potential ordinary shares which were not considered dilutive at 30 June 2007, 31 December 2006 or 30 June 2006.

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