

13 August 2009

KIOTECH INTERNATIONAL PLC (AIM: KIO)

Kiotech International plc, the international supplier of natural high performance feed additives, to enhance growth, health and sustainability in aquaculture and agriculture, is pleased to announce its interim results for the 6 months to 30 June 2009.

Key points: Financial

- 59.5% increase in profit before interest and tax to £277,725 (2008:£174,139).
- 29% advance in sales to £3,467,706 (2008: £2,688,387).
- Cash balance of £1,779,726 at 30 June 2009 (2008: £1,390,513).

Key points: Operational

- Strong sales growth in Chile, Finland, Mexico and Vietnam.
- pHorce (new gut acidifier) growing rapidly and already contributes over 4% of total sales.
- China wholly owned subsidiary set-up and agricultural product registration commenced.
- Appointed Head of Aquaculture (based in Thailand) to drive commercialisation of Aquatice®.
- Aquatice® customer trials commenced with Pingsha Tilapia farming base in Zhuhai, China.

Richard Rose, Chairman, commented:

"We have made a strong start to the second half of the year continuing the sales growth of the first half. Management remains focused on generating sales from new territories particularly Brazil and China, which are key agricultural markets and where we currently have no presence"

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KIOTECH INTERNATIONAL plc
Interim results for 6 months to 30 June 2009

Chairman's Statement

I am delighted to report on an excellent performance in the period under review, further building on the strong result achieved last year. Management continues to focus on a range of initiatives to drive organic growth. We are also continuing our search for suitable acquisitions, at the right price, which offer strategic and commercial benefits and a number of companies have been identified.

In April we declared a maiden final dividend. We believe this was a most significant step and demonstrated to shareholders the Board's confidence in the financial position of the Company.

Earlier this year we significantly upgraded our web site, www.kiotech.com, the site includes extensive business information, which investors may find of interest.

Results

In the six months to 30 June 2009 profit before interest and tax increased significantly rising 59.5 per cent to £277,725 (2008: £174,139). This strong performance reflects sales for the period advancing 29 per cent to £3,467,706 (2008: £2,688,387) backed by further improvements in gross margin. The balance sheet remains healthy with a cash balance of £1.78 million (2008: £1.39 million).

Operations - Aquaculture

We reported in our full year results in April 2009 that Defra (Department for Environment, Food and Rural Affairs) had reviewed and approved a full environmental risk assessment of the Aquatice® range. Following this approval management has been focused on obtaining local registrations and putting the necessary building blocks in place to attain first commercial sales.

A key part of this build-up is the recruitment of a Head of Aquaculture, who joined us from one of the world's leading players in the aquaculture feed business, where he was Sales Manager for South East Asia. The Head of Aquaculture is based in Thailand and is responsible for driving our sales and marketing efforts including appointing distributors in the various countries and then working with them to achieve the first commercial sales to feed mills and farmers in the region.

In June, Kiotech's Japanese distributor, Marukyu Co. Ltd, commissioned an Aquatice® trial with a pelagic (surface) long line fishing vessel. The 150-ton commercial fishing boat operating in the North Pacific was part of the 25 strong long line fishing fleet from the Japanese port of Kessenuma. The vessel reported increased catch rates, when applying Aquatice® to the conventional baits, compared with the catch rates of the other fleet members fishing in formation.

Discussions have already taken place with some feed mills and farmers in China and customer trials have started at the Pingsha Tilapia farming base in Zhuhai, where a number of farmers have incorporated Aquatice® into the feeding regime. Some of the larger Chinese feed companies have expressed interest in promoting Aquatice® alongside their feed formulations and are keen to conduct their own trials. We will be working closely with these potential customers to help establish the most effective delivery mechanism for Aquatice® given the variation in feeding practices used in aquaculture and also to monitor their trial progress. A similar approach will be taken in other countries in the

trial programmes. A similar approach will be taken in other countries in the region including Indonesia, Thailand and Vietnam.

In January our Sports Fishing operation was encouraged by the news that Rapala VMC Corporation had launched its biodegradable lure range in the USA, the world's largest market. These new products, selling under the Trigger XTM brand, incorporate our Ultrabite pheromones. Rapala is the world-leading manufacturer and distributor of fishing lures, and one of the largest distributors of premium fishing tackle with a global distribution network. In Japan our distributor, Marukyu, is achieving growing sales of its sports fishing baits, which incorporate Ultrabite.

Operations - Agriculture

Sales in more than two thirds of our overseas markets increased over the same period last year. Latin American markets were particularly strong, led by Bolivia, Chile and Mexico where there has been a focus on Agil products to reduce salmonella levels. As such, we have benefited from an improved sales mix with a higher proportion of sales of our acids product range, which has experienced the strongest growth.

Recently appointed distributors in Egypt, Ukraine and Vietnam have contributed to growth, while salmonella issues in Finland increased the demand for our Salkil product. Management continues to focus on reviewing distribution arrangements and a new distributor has recently been appointed for Thailand. Product registration is underway in a number of countries including Brazil and China; which once achieved should lead to significant sales, although the timing of these registrations is out of our control.

In China, we are already conducting customer trials for a number of our agricultural products. China is the world's largest producer and consumer of pig and poultry meat with a combined total of 58 million tonnes annually, accounting for 34 per cent by weight of world production. The Company's wholly owned subsidiary in China is now established in Shanghai and a general manager and small sales team have been recruited. This team is also developing our aquaculture interests in China.

Our focus on new product development continues and we are encouraged by the success of pforce, our new gut acidifier, which already accounts for over four per cent of total Group sales since it was launched in the first quarter of 2008. pforce is targeted at the faster growing animals in the pig and poultry industry where the high strength acid blend works quickly to eliminate enteropathogens such as salmonella.

The product development team is also working on a number of new products, in close cooperation with our customers, which we plan to launch later this year.

Outlook

We have made a strong start to the second half of the year continuing the sales growth of the first half. Management remains focused on generating sales from new territories particularly Brazil and China, which are key agricultural markets and where we currently have no presence. The appointment of a Head of Aquaculture will add momentum to the commercialisation of Aquatice®, although this will be governed by local registration requirements and customers' experiences in trialing the product.

Richard S Rose
Chairman
13 August 2009

KIOTECH INTERNATIONAL PLC

DIRECTORS & OFFICERS	Richard Rose (Chairman)
	Richard Edwards (Chief Executive)
	Peter Lawrence (Director)
	Mark Nicholls (Director)
	Julia Trowse (Company Secretary)

REGISTERED OFFICE	78, Coombe Road, New Malden, Surrey KT3 4QS
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COMPANY NUMBER	03345857
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KIOTECH INTERNATIONAL PLC CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS TO 30 JUNE 2009

	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
	Note (unaudited)	(unaudited)	(audited)
	£	£	£
REVENUE	2 3,467,706	2,688,387	5,428,169
Cost of sales	(2,209,727)	(1,833,390)	(3,531,147)
GROSS PROFIT	1,257,979	854,997	1,897,022
Administrative expenses	(207,424)	(200,011)	(3,556,304)

Administrative expenses	(907,454)	(100,844)	(1,043,004)
Currency (losses)/gains	(72,820)	19,986	77,199
OPERATING PROFIT	277,725	174,139	428,837
Interest receivable	23,585	34,037	53,374
PROFIT FOR THE PERIOD BEFORE TAXATION	301,310	208,176	482,211
Taxation	(84,367)	(67,400)	(146,583)
PROFIT FOR THE PERIOD AFTER TAXATION	216,943	140,776	335,628
BASIC EARNINGS PER SHARE (pence)	3	0.09	0.06
FULLY DILUTED EARNINGS PER SHARE (pence)	3	0.09	0.06

The consolidated income statement has been prepared on the basis that all operations are continuing operations.

KIOTECH INTERNATIONAL PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 30 JUNE 2009
Attributable to equity holders of the company:

Note	Share Capital £	Share Premium £	Other Reserves £	Retained Earnings £	Total Equity £
Balance at 1 January 2008	4,351,862	9,844,198	177,103	(7,244,830)	7,128,333
Share based payments	-	-	71,625	-	71,625
Profit for the year	-	-	-	335,628	335,628
Capital restructuring	(1,841,075)	(9,844,198)	4,441,396	7,243,877	-
Balance at 1 January 2009	2,510,787	-	4,690,124	334,675	7,535,586
Share based payments	-	-	7,191	-	7,191
Profit for the period	-	-	-	216,943	216,943
Dividends 4	-	-	-	(100,431)	(100,431)
Balance at 30 June 2009	2,510,787	-	4,697,315	451,187	7,659,289

KIOTECH INTERNATIONAL PLC
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009

Note	As at 30.06.09 (unaudited) £	As at 30.06.08 (unaudited) £	As at 31.12.08 (audited) £
ASSETS			
Non current assets			
Property, plant and equipment 6	366,782	361,403	359,461
Goodwill and other intangibles 5	4,363,443	4,173,849	4,279,084
	4,730,225	4,535,252	4,638,545
Current assets			
Inventories	432,696	539,990	469,595
Trade and other receivables	2,017,906	2,340,651	1,694,559
Other taxes and social security	131,744	22,710	-
Cash and cash equivalents	1,779,726	1,390,513	1,867,592
	4,362,072	4,293,864	4,031,746
Total Assets	9,092,297	8,829,116	8,670,291
EQUITY			
Capital and reserves attributable to equity holders of the company			
Called up share capital	2,510,787	4,351,862	2,510,787
Share premium account	-	9,844,198	-
Other reserves	255,919	196,228	248,728
Special reserve	4,441,396	-	4,441,396
Retained earnings	451,187	(7,104,054)	334,675
Total Equity	7,659,289	7,288,234	7,535,586

LIABILITIES			
Current Liabilities			
Trade and other payables	1,084,043	1,328,393	1,002,495
Corporation tax	230,468	193,976	132,210
Other taxes and social security	18,066	18,513	-
Dividends	100,431	-	-
Total Equity and Liabilities	<u>9,092,297</u>	<u>8,829,116</u>	<u>8,670,291</u>

KIOTECH INTERNATIONAL PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS TO 30 JUNE 2009

	Six months to 30.06.09 (unaudited) £	Six months to 30.06.08 (unaudited) £	Year ended 31.12.08 (unaudited) £
Profit from operations	277,725	174,139	428,837
Adjustment for:			
Depreciation of plant and equipment	7,952	5,054	10,076
Amortisation of intangible assets	56,589	31,768	74,101
Share based payments	7,191	19,125	71,625
Operating cash flow before movement in working capital	<u>349,457</u>	<u>230,086</u>	<u>584,639</u>
Decrease/(increase) in inventories	36,900	(145,945)	(75,550)
(Increase)/decrease in receivables	(455,092)	84,154	752,956
Increase/(decrease) in payables	99,614	(344,509)	(688,921)
Cash generated from/(absorbed by) operations	30,879	(176,214)	573,124
Tax received/(paid)	13,891	-	(140,948)
Net Cash inflow/(outflow) from operating activities	<u>44,770</u>	<u>(176,214)</u>	<u>432,176</u>
Cash flows from investing activities			
Interest received	23,585	34,037	53,374
Purchase of goodwill and research and development	(140,948)	(129,026)	(276,594)
Purchase of plant and equipment	(15,273)	(3,993)	(7,073)
Net cash (used in) investing activities	<u>(132,636)</u>	<u>(98,982)</u>	<u>(230,293)</u>
Net (decrease)/increase in cash and cash equivalents	(87,866)	(275,196)	201,883
Cash and cash equivalents at the beginning of the period	1,867,592	1,665,709	1,665,709
Cash and cash equivalents at the end of the period	<u>1,779,726</u>	<u>1,390,513</u>	<u>1,867,592</u>

NOTES TO THE PRELIMINARY RESULTS
FOR THE SIX MONTHS TO 30 JUNE 2009

1 Basis of preparation

The financial information for the period to 30 June 2009 does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006. It has been prepared in accordance with the accounting policies set out in, and is consistent with, the audited financial statements for the twelve months to 31 December 2008.

2 Revenue is derived from the Group's biochemical attractant and animal feed additive businesses.

3 Earnings per share:

	Six months to 30.06.09 (unaudited)	Six months to 30.06.08 (unaudited)	Year ended 31.12.08 (unaudited)
Weighted average number of shares in issue (000)'s	251,079	251,079	251,079
Fully diluted weighted average number of shares in issue (000)'s	252,129	251,079	251,079
Profit attributable to equity holders of the company (£'s)	216,943	140,776	335,628

Basic earnings per share (pence)	0.09	0.06	0.13
Fully diluted earnings per share (pence)	0.09	0.06	0.13
4 Dividends (approved 23 June 2009 in General Meeting)	£	£	£
Final dividend in respect of the year ended 31 December 2008.			
251,078,700 shares at 0.04 pence per share	100,431	-	-
	<u> </u>	<u> </u>	<u> </u>

KIOTECH INTERNATIONAL PLC
NOTES TO THE PRELIMINARY RESULTS
FOR THE SIX MONTHS TO 30 JUNE 2009

5 Intangible non current assets	Goodwill £	Patents & Developments £		Total £
Cost at 1 January 2009	3,551,921	857,059		4,408,980
	-	140,948		140,948
Additions	3,551,921	998,007		4,549,928
Cost at 30 June 2009	-	129,896		129,896
Amortisation at 1 January 2009	-	56,589		56,589
Charge for the period	-	186,485		186,485
Amortisation at 30 June 2009	3,551,921	811,522		4,363,443
Net book value at 30 June 2009	3,551,921	727,163		4,279,084
Net book value at 1 January 2009				

6 Property, plant and equipment	Land and Buildings Leasehold	Plant Machinery	Fixtures and Fittings & Equipment	Total
	£	£	£	£
Cost as at 1 January 2009	325,000	31,031	38,612	394,643
Additions	-	-	15,273	15,273
Cost as at 30 June 2009	325,000	31,031	53,885	409,916
Depreciation at 1 January 2009	6,500	12,191	16,491	35,182
Charge for the period	-	1,204	6,748	7,952
Depreciation at 30 June 2009	6,500	13,395	23,239	43,134
Net book value at 30 June 2009	318,500	17,636	30,646	366,782
Net book value at 1 January 2009	318,500	18,840	22,121	359,461

Net book value at 1 January
2009

Held within land and buildings is an amount of £200,000 in respect of non-depreciable land.

7 Related party transactions

ECO Animal Health Group plc has an accounting management agreement with the group for which it received £20,484 in the period (2008: £19,129). Work done by certain employees of ECO Animal Health Group plc in connection with the marketing and development of chemosensory stimulants was charged amounting to £44,049 (2008: £43,603). Peter Lawrence, chairman of ECO Animal Health Group plc, is a non-executive director of the Company and £10,500 (2008: £10,000) was paid to ECO Animal Health Group plc in respect of his services. Electro Switch Limited, a company controlled by Richard Rose, received the sum of £2,500 (2008: £2,500) in respect of services provided by him.

8 This financial information was approved by the board on 10th August 2009.

9 Copies of this interim report are being sent to all of the Company's shareholders. Further copies can be obtained from the Company's registered office at 78 Coombe Road, New Malden, Surrey KT3 4QS.