3 September 2012

Biome Technologies plc
("Biome", "the Company" or "the Group")

Interim Results

Biome Technologies plc announces its Interim Results for the six months ended 30 June 2012.

Highlights

- Group Revenues reached £7.5m; loss from operations £1.1m
- Cash position £1.2m
- Loss per share 0.022p
- Stanelco RF delivered its first prototype portable welding device to Durapipe UK
- BiomeHT signed up for pre launch evaluation testing with a leading single use foodservice products manufacturer
- Actions to reduce costs by c£600k per year have been completed
- Turin court ruled in favour of Biotec, Biome's joint venture with Sphere, in the first instance with regards to the Novamont litigation

Paul Mines, Chief Executive Officer said:

"I am pleased to report that despite a challenging market both divisions have made significant progress in bringing our innovative products a step closer to commercialisation. The RF division is developing a portable induction welding system with Durapipe and has delivered the first prototype. In addition, bioplastics division has signed a pre launch agreement with a leading manufacturer of single use foodservice products for BiomeHT, which is our innovative range of temperature stable bioplastics. During the period we have also aligned the cost base with the subdued demand in the bioplastics market in Europe."

- Ends -

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Notes to Editors

Listed on AIM, the activities of Biome operate in two divisions; Bioplastics and Stanelco RF Technologies. Both divisions are underpinned by the Group's skills in the commercialisation and development of innovative technology.

The Group's core strategy is to develop and broaden its bioplastics business organically and is engaged with a variety of large-scale international customers and partners on a number of key commercial and development partnerships. These target applications in the food, horticulture and the electronics markets, amongst others, further enhance the Group's existing and new product development.

Chairman's Statement

The Group experienced a challenging first half; this was primarily due to headwinds in the higher volume bioplastic markets in Europe. As previously reported, legislative delays in Italy in implementing effective financial penalties for non-compliance with regulations limiting the use of plastic bags have adversely affected the European bioplastic market. The Stanelco RF division remains in line with our expectations and continues to have a strong order pipeline. In particular during the period we signed a contract to develop an innovative portable welding system and we have successfully delivered the first prototype device.

Group Results

Group revenues were £7.5m compared to £10.4m in the first half of 2011. The Bioplastic division's revenues reduced by 24% due to the changes in the European market mentioned above. The decrease in the RF division's revenues is attributable to the phasing of furnace sales during this year. The Group's loss from operations was £1.1m compared to a loss of £0.4m in the first half of 2011.

At the end of May the Board announced that it would be taking steps to reduce cash costs by approximately £600k per year to protect its business model following the changes in the bioplastics market. These actions have now been completed substantially and we will experience the benefits over the remainder of 2012 and into 2013. Central costs decreased year on year to £0.8m from £0.9m in the first half of 2011.

Finance related costs totalled £0.2m (H1 2011: finance related income £0.5m). Of this change, £0.6m related to the depreciation of the Euro on the retranslation of the loan between Biome Technologies and Biotec.

The loss before taxation was £1.3m (H1 2011: profit £0.1m) which, after taxation, delivered a loss per share of 0.022 pence (H1 2011: profit per share 0.003 pence). Cash utilised by operations was £1.0m (2011: £0.3m) which reflects the aforementioned loss for the period and an increase in inventories, primarily at Biotec.

To further support additional liquidity the Group has extended its secured debt facility with BNP Paribas Commercial Finance (formerly Fortis Commercial Finance) by an additional year to May 2014; this facility remains unutilised at present. To further underpin working capital requirements, Biotec, the Group's manufacturing joint venture with SPhere SA, entered into a €1.5m, 5 year loan agreement with Sparkasse Emmerich in July 2012. A further €0.25m in loan repayment and loan interest on its shareholder loans was received by Biome Technologies from Biotec after the period end.

Bioplastics Division

Revenues in the Bioplastics division were £6.5m (H2 2011: £8.6m). This reflects the changes in the European market which led to a 38% decrease in sales in Biome Bioplastics to £2.3m and a 15% decrease in Biotec's third party sales. As a result, the division made an operating loss of £0.5m (H1 2011: profit £0.1m).

Biome Bioplastics

Biome Bioplastics saw a reduction in demand with a 38% decrease in revenues compared to the first half of 2011 and a 15% decrease on the second half of 2011. Biome's volumes were subdued because of the Italian legislation regime and further similarly stalled legislation within the Brazilian market. While plastic bags for organic waste disposal has been one of the more significant segments of growth in bioplastics, it now appears that the economic climate in Europe and further afield is delaying adoption. The direction of travel towards bioplastics remains but regulatory authorities are choosing to pause and limit extra costs to consumers in an environment characterised by thoughts of austerity.

The prospects for Biome Bioplastics in the medium term will be underpinned by new products for markets other than those specifically related to plastic bags. These new higher margin products include materials for paper coating, resilient injection moulded parts and multi-layer films for product packaging.

One such example is BiomeHT, a new technology for heat resistant bioplastic materials that is used in an innovative range of temperature stable bioplastics, it was launched in 2010 with patent protection applied for in April 2011. These products are made from predominantly renewable resources and are fully biodegradable, providing for lower lifecycle costs and excellent end-of-life credentials. BiomeHT requires different production technology than that currently available at Biotec and is being produced under licence by a third party in the UK. We have entered recently into a pre-launch evaluation agreement with a leading manufacturer of high performance, single-use foodservice products. Under the agreement the parties will co-operate to undertake the final stages of high speed production testing and launch preparations. This evaluation is focused on use of BiomeHT and the agreement comes at the conclusion of an initial collaboration over the past 18 months and is aimed to launch into a market of significant potential in 2013.

Another such example is a product developed as a multi-layer sealing film for single-use coffee capsules. This product has completed barrier and mechanical testing, has launched through a limited number of our end-customers sales outlets and volumes are now being scaled-up.

With longer term development in mind, the business continues to evaluate opportunities for the manufacture of bio-based materials through the use of synthetic biology. This is an area of rapidly emerging technology and Biome has a small number of early stage collaborations with both academic and industrial partners in this space to better understand the technical and commercial opportunities.

Biotec

Revenues at Biotec were £4.2m, down 15% compared to the first half of 2011, with a more significant impact in the second quarter as the effects of the Italian legislative regime impacted on our joint venture partner, SPhere SA.

With regard to raw materials, crop prices reached an all time real price high in February 2011 as measured by the Food and Agricultural Organisation of the United Nations. Subsequently, pricing of raw materials stabilised through 2011 and into 2012 with little downward momentum. During the course of the second quarter of 2012 Biome Bioplastics saw some softening of raw material prices but poor crop yields and rising agricultural prices following drought in the USA may well curb this trend.

There have been some significant positive developments with regard to Novamont S.p.A's proceedings against Biotec. The first court judgement on this litigation was received in France in April 2010 and was in favour of Biotec and SPhere in that no proof of infringement was found for all three Novamont patents. Subsequent to this, Biotec and SPhere have lodged an appeal against the remaining validity of two of Novamont's patents and Novamont has appealed against the complete court decision. The result of the case being heard in the Turin court was received in July 2012 and in the first instance has found in favour of Biotec. This is an encouraging development in that these are the first formal findings in an Italian jurisdiction. Appeal paths are available for these findings and a parallel case remains on going in Milan. In order to further emphasise the validity of its patents, Biotec and SPhere have received two first instance court judgements that two of Novamont's patents are invalid in Germany. Novamont has subsequently appealed the judgement on one of its patents.

The five year €1.5m loan agreement with Sparkasse Emmerich was taken out in July to underpin further working capital requirements. This amortising loan carries a fixed interest rate of 3.25% and is secured against Biotec's property.

Stanelco RF Technologies Division

The RF Technologies division is performing in line with expectations. The timing of the furnace build programme, and the revenue related thereto, is skewed towards the second half of this year, whereas in 2011 the build programme took place in the first half of the year. Consequently, sales within RF

Technologies were down 46% compared to the first half of 2011 and comparable to the second half of 2011.

A number of new market opportunities in alternative product areas in the industrial arena have been pursued vigorously and, at the start of 2012, the Company announced that it had signed a contract with Durapipe UK to develop a portable induction welding system. This contract is expected to lead to a multi-year manufacture and supply contract for the business and the division has recently delivered the first prototype portable welding device. The project has now progressed to an advanced phase, with a quantity of pre-production units due for delivery in the fourth quarter of this year.

In the second half of 2012 the division expects to ship at least nine optical fibre furnaces. This division's order and enquiry pipeline for 2013 is growing in an encouraging manner.

Board Changes

Further to the streamlining exercise Declan Brown, Group Finance Director, will be leaving employment and the Board of the Company on or before 30th November 2012. At the end of Declan's term of office, the Company's accounting and financial management requirements will be provided on a part time interim basis by Michael Kayser, currently a non-executive of the Company, supported by our Financial Controller.

The Board would like to thank Declan for his support and contribution during his time with the Company and wish him well for the future.

Outlook

Whilst there is some reduction to the turbulence seen in the marketplace in the second quarter, overall demand remains subdued in Europe in comparison to 2011. The Board views this as a one or two year pause in the growth of legislatively derived markets, particularly for the plastic bags market. However, Biome continues to progress with new products and technologies to improve its future prospects and develop new markets. It is particularly encouraging to see a number of these technologies at an advanced stage on the path towards commercialisation.

The RF division is performing well and the order pipeline into 2013 is continuing to grow. The Durapipe project remains on track and is successfully passing agreed milestones with our partner.

John Standen
Chairman

CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
For the period ended 30 June 2012

	Note	6 Months Ended 30 June 2012 Unaudited £'000	6 Months ended 30 June 2011 Unaudited £'000	Year ended 31 December 2011 Audited £'000
REVENUE	4a - 4c	7,489	10,432	19,068
Cost of sales		(6,223)	(8,499)	(15,582)
GROSS PROFIT		1,266	1,933	3,486
Recurring administrative expenses		(2,361)	(2,315)	(4,526)
LOSS FROM OPERATIONS	4a - 4c	(1,095)	(382)	(1,040)
Investment revenue	5	16	167	190
Finance charges		(15)	(38)	(57)
Foreign exchange gain/(loss)		(194)	369	(209)
(LOSS)/PROFIT BEFORE TAXATION		(1,288)	116	(1,116)
Taxation	6	(3)	77	64
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		(1,291)	193	(1,052)
Other comprehensive income:				
Exchange differences on translating foreign operations		(149)	169	(113)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		(1,440)	362	(1,165)
Basic (loss)/earnings per share – pence	7	(0.022)	0.003	(0.018)
Diluted (loss)/earnings per share – pence	7	(0.022)	0.003	(0.018)

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
As at 30 June 2012

	Note	At 30 June 2012 Unaudited £'000	At 30 June 2011 Unaudited £'000	At 31 December 2011 Audited £'000
NON-CURRENT ASSETS				
Goodwill	8	7,055	7,972	7,289
Other intangible assets	9	1,340	1,236	1,348
Property, plant and equipment	10	1,508	1,887	1,651
		9,903	11,095	10,288
CURRENT ASSETS				
Inventories	11	3,525	1,479	2,763
Trade and other receivables	12	5,605	7,466	6,269
Cash and cash equivalents		1,150	3,634	2,399
		10,280	12,579	11,431
TOTAL ASSETS		20,183	23,674	21,719
CURRENT LIABILITIES				
Trade and other payables	13	4,118	3,497	4,090
Promissory notes	14	2,578	3,626	2,666
Obligations under finance lease	15	-	187	94
		6,696	7,310	6,850
TOTAL LIABILITIES		6,696	7,310	6,850
NET ASSETS		13,487	16,364	14,869
EQUITY				
Share capital		5,885	5,885	5,885
Share premium account		38,623	38,623	38,623
Share options reserve		920	830	862
Translation reserve		836	1,267	985
Retained losses		(32,777)	(30,241)	(31,486)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND TOTAL EQUITY		13,487	16,364	14,869

The interim statements were approved by the Board on 31 August 2012.

Signed on behalf of the Board of Directors

Paul R Mines (Chief Executive)
Declan L Brown (Group Finance Director)
31 August 2012

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
As at 30 June 2012

	Share capital £'000	Share premium account £'000	Share options reserve £'000	Translation reserves £'000	Retained losses £'000	Attributable to equity holders of the parent £'000	Minority interest £'000	TOTAL EQUITY £'000
Unaudited								
Balance at 1 January 2012	5,885	38,623	862	985	(31,486)	14,869	-	14,869
Share options issued in share based payments	-	-	58	-	-	58	-	58
Transactions with owners	-	-	58	-	-	58	-	58
Profit/(loss) for the period	-	-	-	-	(1,291)	(1,291)	-	(1,291)
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(149)	-	(149)	-	(149)
Total comprehensive income for the period	-	-	-	(149)	(1,291)	(1,440)	-	(1,440)
Balance 30 June 2012	5,885	38,623	920	836	(32,777)	13,487	-	13,487
Unaudited								
Balance at 1 January 2011	5,885	38,623	742	1,098	(30,434)	15,914	-	15,914
Share options issued in share based payments	-	-	88	-	-	88	-	88
Transactions with owners	-	-	88	-	-	88	-	88
Profit/(Loss) for the period	-	-	-	-	193	193	-	193
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	169	-	169	-	169
Total comprehensive income for the period	-	-	-	169	193	362	-	362
Balance 30 June 2011	5,885	38,623	830	1,267	(30,241)	16,364	-	16,364

	Share capital £'000	Share premium account £'000	Share options reserve £'000	Translation reserves £'000	Retained losses £'000	Attributable to equity holders of the parent £'000	Minority interest £'000	TOTAL EQUITY £'000
Audited								
Balance at 1 January 2011	5,885	38,623	742	1,098	(30,434)	15,914	-	15,914
Share options issued in share based payments	-	-	120	-	-	120	-	120
Transactions with owners	-	-	120	-	-	120	-	120
Loss for the year	-	-	-	-	(1,052)	(1,052)	-	(1,052)
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(113)	-	(113)	-	(113)
Total comprehensive income for the year	-	-	-	(113)	(1,052)	(1,165)	-	(1,165)
Balance 31 December 2011	5,885	38,623	862	985	(31,486)	14,869	-	14,869

CONSOLIDATED STATEMENT
OF CASH FLOWS
For the period ended 30 June 2012

	6 Months ended 30 June 2012 Unaudited £'000	6 Months ended 30 June 2011 Unaudited £'000	Year ended 31 December 2011 Audited £'000
Loss from operations	(1,095)	(382)	(1,040)
Adjustment for:			
Amortisation and impairment of intangible assets	124	68	272
Depreciation of property, plant and equipment	128	190	381
Share based payments	58	88	120
Foreign exchange	(1)	10	(90)
Operating cash flows before movement of working capital	(786)	(26)	(357)
Increase in inventories	(827)	(750)	(2,101)
Decrease/(increase) in receivables	538	(394)	(321)
Increase in payables	102	896	1,673
Cash utilised by operations	(973)	(274)	(1,106)
Corporation tax (paid)/received	(13)	77	150
Interest paid	(16)	(19)	(199)
Net cash outflow from operating activities	(1,002)	(216)	(1,155)
Cash flows from investing activities			
Interest received	3	149	331
Investment in intangible assets	(115)	(165)	(358)
Purchase of property, plant and equipment	(28)	(62)	(122)
Net cash used in investing activities	(140)	(78)	(149)
Financing activities			
Repayment of obligations under finance lease	(93)	(78)	(250)
Net cash from financing activities	(93)	(78)	(250)
Net decrease in cash and cash equivalents	(1,235)	(372)	(1,554)
Cash and cash equivalents at beginning of period	2,399	3,963	3,963
Effect of foreign exchange rate changes	(14)	43	(10)
Cash and cash equivalents at end of period	1,150	3,634	2,399

NOTES TO THE INTERIM CONSOLIDATED FINANCAL STATEMENTS
For the period ended 30 June 2012

1. CORPORATE INFORMATION

The financial information for the year ended 31 December 2011 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2011 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498 of the Companies Act 2006. The interim results are unaudited. Biome Technologies plc is a public limited company incorporated and domiciled in England & Wales. The company's shares are publicly traded on the AIM market of the London Stock Exchange.

2. BASIS OF PREPARATION

These interim consolidated financial statements (the interim financial statements) are for the six months ended 30 June 2012. They have been prepared in accordance with IFRSs as adopted by the European Union and IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2011.

These interim financial statements have been prepared under the historical cost convention.

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2011.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of the interim financial statements.

3. BASIS OF CONSOLIDATION

The Group interim financial statements consolidate the results of the Company and all of its subsidiary undertakings drawn up to 30 June 2012. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. At 30 June 2012 the subsidiary undertakings were Biome Bioplastics Limited, Stanelco RF Technologies Limited, Aquasol Limited and InGel Technologies Limited.

Biotec Holding GmbH, Biotec Biologische Naturverpackungen GmbH & Co KG and Biotec Biologische Naturverpackungen Forschungs-und Entwicklungs GmbH (together “Biotec”) are a 50:50 joint venture between the Company and SPhere S.A. and are accounted for using the proportionate consolidation method. This means that 50% of the joint ventures assets and liabilities are included in the balance sheet and that 50% of its revenues and expenses are included in the Group’s consolidated statement of comprehensive income.

The assets and liabilities of the Biome Technologies plc Employee Benefit Trust ("EBT") are included within the consolidated statement of financial position on the basis that the Group has the ability to exercise control over the EBT.

4a. SEGMENTAL INFORMATION FOR 6 MONTHS ENDED 30 JUNE 2012

	Bioplastics 6 Months Ended 30 June 2012 £'000	RF Technologies 6 Months ended 30 June 2012 £'000	Central Costs 6 Months ended 30 June 2012 £'000	Total 6 Months ended 30 June 2012 £'000
Unaudited				
Revenue from external customers	**6,487**	**1,002**	**-**	**7,489**
(LOSS)/PROFIT FROM OPERATIONS	**(470)**	**158**	**(783)**	**(1,095)**
Investment revenue				**16**
Finance charges				**(15)**
Foreign exchange loss				**(194)**
LOSS BEFORE TAXATION				**(1,288)**
TOTAL ASSETS	18,064	1,237	882	**20,183**

4b. SEGMENTAL INFORMATION FOR 6 MONTHS ENDED 30 JUNE 2011

	Bioplastics 6 Months Ended 30 June 2011 £'000	RF Technologies 6 Months ended 30 June 2011 £'000	Central Costs 6 Months ended 30 June 2011 £'000	Total 6 Months ended 30 June 2011 £'000
Unaudited				
Revenue from external customers	**8,573**	**1,859**	**-**	**10,432**
PROFIT/(LOSS) FROM OPERATIONS	**79**	**450**	**(911)**	**(382)**
Investment revenue				**167**
Finance charges				**(38)**
Foreign exchange gain				**369**
PROFIT BEFORE TAXATION				**116**
TOTAL ASSETS	18,946	2,063	2,665	**23,674**

4c. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2011

	Bioplastics	RF Technologies	Central Costs	Total
	Year	Year	Year	Year
	Ended	ended	ended	ended
	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2011	2011	2011
	£'000	£'000	£'000	£'000
Audited				
Revenue from external customers	**16,164**	**2,904**	**-**	**19,068**
PROFIT/(LOSS) FROM OPERATIONS	**9**	**585**	**(1,634)**	**(1,040)**
Investment revenue				**190**
Finance charges				**(57)**
Foreign exchange loss				**(209)**
LOSS BEFORE TAXATION				**(1,116)**
TOTAL ASSETS	19,199	1,301	1,219	**21,719**

5. INVESTMENT REVENUE

In the first six months of 2011 investment revenue included £91,000 received in respect of interest on a "Fleming" claim for VAT disallowed in respect of the Company's Initial Public Offering in 1988 and Rights Issue in 1990. This was a "one-off" event and explains the drop in the current reporting period.

6. TAXATION

The Group's policy is to recognise tax credits resulting from tax R&D claims on a cash received basis. The claim in respect of the year ended 31 December 2011 has not yet been settled and there is therefore no tax credit recognised in the period under review.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the loss attributable to the equity holders of the parent for the six months of £1,291,000 (2011: profit of £193,000) and a weighted average of 5,884,866,333 (2011: 5,884,866,333) ordinary shares in issue.

Basic and diluted earnings per share are equal in the six months ended 30 June 2011 as all outstanding share options were out of the money for the purposes of the diluted earnings per share calculation.

8. GOODWILL

The decrease in goodwill since 31 December 2011 results from the depreciation of the Euro during the reporting period.

9. OTHER INTANGIBLE ASSETS

Other intangible assets increased in the period as a result of the capitalisation of £115,000 of product development costs. The amortisation charge for the period was £124,000.

10. PROPERTY, PLANT AND EQUIPMENT

The decrease in property, plant and equipment during the reporting period results primarily from the depreciation charge for the period of £128,000, and the depreciation of the Euro. £28,000 of property, plant and equipment was acquired in the period.

11. INVENTORIES

The increase in inventories during the reporting period primarily reflects increased stocking levels at Biotec, the manufacturing joint venture with SPhere SA.

12. TRADE AND OTHER RECEIVABLES

At 30 June 2012, trade and other receivables includes £2,621,000 in respect of a Euro denominated loan made to Biotec in the form of promissory notes. This amount is 50% of the full loan balance and represents the loan made to the 50% share of the joint venture owned by SPhere. Interest is calculated at one per cent per annum on the outstanding loans. The promissory notes are repayable on demand. On this basis the notes are included on the balance sheet at the face value which is equivalent to fair value. During the period between 1 January 2012 and 30 June 2012 the depreciation of the Euro resulted in an decrease of £90,000 in the value of this balance.

Excluding the loan to Biotec, trade and other receivables decreased from £3,571,000 to £2,984,000 during the reporting period, primarily reflecting the decreased level of trading.

13. TRADE AND OTHER PAYABLES

The increase in trade and other payables during the reporting period primarily reflects the increased level of inventories within the Biotec joint venture.

14. PROMISSORY NOTES

Promissory notes are amounts due from Biotec and its subsidiaries to the 50 per cent shareholder, SPhere. Amounts due represent the principal loans plus unpaid interest. Interest is calculated at one per cent per annum on the outstanding loans. The promissory notes are repayable on demand. On this basis the notes are included on the balance sheet at the face value which is equivalent to fair value. The promissory notes are not subject to interest rate risk as interest is fixed at 1%. During the period between 1 January 2012 and 30 June 2012 the depreciation of the Euro resulted in a decrease of £88,000 in the value of the Group’s share of these promissory notes.

15. OBLIGATIONS UNDER FINANCE LEASE

The finance lease related to plant and machinery at the Group’s manufacturing joint venture, Biotec. This finance lease expired in February 2012 with the ownership of the assets being transferred to Biotec.

16. CONTINGENT LIABILITIES

Novamont S.p.A’s proceedings against Biotec remain ongoing.

The first court judgment in France was received in April 2010 and was in favour of Biotec. Subsequent to this various appeal paths in the French court were available to all parties and earlier this year Biotec and SPhere (Biome’s joint venture partner in Biotec) have lodged an appeal against the remaining validity of Novamont’s patents. In addition Novamont has lodged an appeal against the complete court decision.

The result of the case being conducted in the Turin court was received on 10 July 2012 and in the first instance found has found in favour of Biotec. This is the first formal finding in the Italian jurisdiction and represents a very encouraging development in the process. Appeal paths are available for these findings in Turin.

The cases in Milan continue and court decisions may be expected within twelve months.

Biome Technologies and Biotec continue to take professional and technical advice with regard to this litigation.

17. RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the business activities of the Group are detailed in the Directors' Report which can be found on pages 13-17 of the Annual Report and Financial Statements for the year ended 31 December 2011 ("the Annual Report"). A copy of the Annual Report and Financial Statements is available on the Company's website at www.biometechnologiesplc.com

The risks affecting the business remain the same as in the Annual Report. In summary, these risks include:

- changes in the regulatory environments in which the Group operates
- fluctuations in exchange rates, particularly Euro
- volatility in raw material prices and supply
- breach of intellectual property rights
- competitors developing more attractive products
- failure to commercialise products
- reliance on a small number of customers for certain products
- financial risks including exchange rate risk, liquidity risk, interest rate risk and credit risk.

Further details of how these risks impact the business and how the directors attempt to mitigate the risks can be found in the Annual Report.

INDEPENDENT REVIEW REPORT FOR BIOME TECHNOLOGIES PLC

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes 1 to 16. We have read the other information contained in the half yearly financial report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review 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, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors.

As disclosed in Note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting,' as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

SOUTHAMPTON
31 August 2012