

2 September 2013

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 2013.

Highlights

- Group Revenues of £0.9m
- Underlying operational loss reduced to £0.7m (six months to 30 June 2012 loss of £1.1m)
- Cash position of £3.9m
- Significant improvement in gross margins to 41% (six months to 30 June 2012: 13%)
- Settlement of legacy leases and capital reorganisation
- The two key projects within the Bioplastics Division progressing well
- Extension of research relationship with Warwick University with further funding received through the Knowledge Transfer Partnership
- Issue of a circular seeking customary authority from shareholders for Board to make market purchases of its shares (“Circular”)

Paul Mines, Chief Executive Officer said:

“We have continued to make progress in both divisions during this period as we focus on higher margin products based on own intellectual property. Within the Bioplastics Division the key projects are progressing well with one passing into its manufacturing phase. In addition, we have also successfully completed a capital reorganisation which gives the Group greater financial flexibility.”

The Interim Results have been posted to shareholders today along with the Circular. A copy of this announcement is also available to view on the Company’s website at <http://www.biometechnologiesplc.com>

- 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

Our momentum continued encouragingly in the first half of this year. In the Bioplastics Division, we are now firmly focused on the development of our wholly owned intellectual property and one of our key projects is advancing well into its manufacturing phase. In the Stanelco RF Technology Division, the demand in the furnace market remains irregular; however our work to diversify the business with new products in new sectors is showing encouraging signs for significant growth opportunities.

Revenue, margins and cash burn in the first half year have all remained in line with the Board's expectations and we continue to be on track for the second half. Our cash resources are strong and our financial flexibility is in a robust position thanks to the actions taken over the past year including the sale of Biotec; surrender of two legacy leases; and the Court sanctioned capital re-organisation.

Group Results

Group revenues on a like for like basis (excluding the Biotec third party sales in the first half of 2012) were £0.9m compared to £3.3m in the first half of 2012. The decrease in revenues is mainly a reflection of the Bioplastics division's move away from the lower margin volume market as a result of its sale of Biotec.

Gross margins increased markedly in this period to 41% (first half 2012: 13%) as a result of revenues being weighted more towards the Stanelco RF Technologies division and the focus of the Bioplastics division into the higher margin higher functionality products. As a result of the focus on higher margin products the Group's gross profit was £0.4m (first half 2012: £0.4m).

Recurring administrative expenses, before exceptional items, for the period were £1.2m compared to £1.6m in the first half of 2012 reflecting the steps initiated in May 2012 which were targeted to reduce cash costs on an annualised basis by £0.6m.

Exceptional items of £0.9m reflect the costs incurred to the end of June 2013 for the lease surrender and capital reorganisation. Costs to complete these processes are to be incurred in the second half but the anticipated total remains within the expectation of £1.3m previously notified to shareholders.

The loss before interest, depreciation, amortisation, and non-recurring property costs for the six months to 30 June 2013 was £0.6m compared to a loss of £0.9m in the first half of 2012 reflecting the savings in administrative costs.

The loss after taxation, and exceptional items, was £1.6m (H1 2012: loss £1.3m) equating to a loss per share of 0.028 pence (H1 2012 loss per share 0.022 pence). Net decrease in cash and cash equivalents in the period was £2.3m which includes £1.1m on the lease surrender and capital reorganisation, plus an increase in inventories of £0.2m for US stocks, £0.1m on research and development, and £0.4 on working capital timing.

Due to the increased liquidity in the Group and the focus to decrease costs, the unused secured debt facility with BNP Paribas Commercial Finance (formerly Fortis Commercial Finance) was terminated on 22 January 2013.

The Group's cash position at 30 June 2013 was £3.9m.

Bioplastics Division

Revenues in the Bioplastics division were £0.3m (H1 2012: £2.3m). This reflects our withdrawal from the single use plastic bag market through the sale of Biotec last October. As a result of the focus on higher margin products and a decrease in the division's overheads the division made a reduced operating loss of £0.2m (H2 2012: loss £0.6m).

The division continues with its strategy to focus on the commercialisation and development of its own intellectual property. Two key projects, which have been previously described as single use food

service products and single use coffee capsules, continue to progress well. The former is currently undergoing compostability trials to achieve industry accreditation. The second project required significant technical support in the second quarter to ensure optimisation of our customer's manufacturing performance in the USA. This project is now encouragingly passing into the manufacturing phase and we are in advanced discussions with our customers in relation to orders for shipments of substantially increased volumes during the second half of the year.

During the first half of the year the division was also awarded a £150,000 grant by the Government backed Technology Strategy Board (TSB) to investigate the feasibility of using a bio-based alternative to the oil derived chemicals used in the manufacture of bioplastics. Biome has partnered with Warwick University for this feasibility study which is expected to be completed in Q1 2014. A subsequent application to the TSB to broaden this work has now been successful. The Company will now be part of a Knowledge Transfer Partnership (KTP) with Warwick University. This project had a budget total of £244,000 of which £164,000 is supported by a Government contribution.

Stanelco RF Technologies Division

Revenues in the RF Technologies division were £0.6m (H1 2012: £1.0m) reflecting the timing of optic furnace orders. As a result the division was at breakeven for the period (H1 2012: profit of £0.2m).

The first half of the year has been impacted by the continued delays in optic fibre furnace orders due to uncertainties in the Chinese market. Whilst there is some indication that confidence may be returning orders have yet to reach previous levels. Progress continues on the Durapipe contract with extensive pre-production testing now underway. The division is also continuing to diversify its product range and in January 2013 signed an agreement with Forsstrum High Frequency AB to become its sales and service agent in the UK. This agreement extends the division's product offering into the larger welding equipment market.

In February 2013, Neil Martin, MD of the RF Technologies division, decided to step down from his role and was replaced in August 2013 by Stephen Baskerville. Stephen joins the Group from Inductotherm Heating and Welding Limited, a subsidiary of the global Inductotherm Group, where he was Director of Heating Products and has over twenty years in technical and commercial roles in the industry.

Settlement of Legacy Leases and Capital Reorganisation

Following the surrender of unwanted property leases to our landlord for £895,000 in June of this year, we made proposals to shareholders to rationalise and simplify our reserves and shareholder base. In note 19 to these interim accounts, there is a pro-forma account of our capital and reserves as at 30th June 2013, as if these proposals had taken place at that date.

Shareholder consent for the capital reduction and consolidation of the ordinary shares was obtained on the 20 June 2013 and following court approval for the capital reduction the share buyback was effected on 25 July 2013.

Following the completion of the steps above we are today issuing a Circular to shareholders with a proposal to reinstate the authority of the Board (previously sought and approved at AGMs) to buy-back shares in the Company through the market, subject to the normal provisions.

Outlook

As previously announced, we expect revenues for the year as a whole to be second half weighted and both divisions of the Group have good business prospects that can deliver these expectations.

The Group's performance remains in line with the Board's expectations and we look forward to making further progress on delivering the strategy.

John Standen
Chairman

**CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME**
For the period ended 30 June 2013

| | Note | Before exceptional items to 30 June 2013 Unaudited £'000 | Exceptional items to 30 June 2013 Unaudited £'000 | Total for 6 Months ended 30 June 2013 Unaudited £'000 | Total for 6 Months ended 30 June 2012 Unaudited £'000 | Total Year ended 31 December 2012 Audited £'000 |
|---|---------------|--|--|---|---|--|
| <i>Continuing Operations</i> | | | | | | |
| REVENUE | 4a - 4c | 881 | - | 881 | 3,277 | 5,652 |
| Cost of sales | | (517) | - | (517) | (2,854) | (4,596) |
| GROSS PROFIT | | 364 | - | 364 | 423 | 1,056 |
| Administrative expenses | 5 | (1,193) | (857) | (2,050) | (1,598) | (3,107) |
| LOSS FROM OPERATIONS | 4a - 4c, 5 | (829) | (857) | (1,686) | (1,175) | (2,051) |
| Loss from operations before non recurring costs | | (715) | - | (715) | (1,077) | (1,854) |
| Non recurring costs | 5, 6 | (114) | (857) | (971) | (98) | (197) |
| Investment revenue | | 13 | - | 13 | 2 | 10 |
| Foreign exchange gain/(loss) | | 29 | - | 29 | (13) | (23) |
| LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS | | (787) | (857) | (1,644) | (1,186) | (2,064) |
| Taxation | 7 | - | - | - | - | 73 |
| LOSS FOR THE PERIOD/YEAR FROM CONTINUING OPERATIONS | | (787) | (857) | (1,644) | (1,186) | (1,991) |
| Loss for the period/year - discontinued operations | 8 | - | - | - | (105) | (365) |
| Exceptional items – discontinued operations | 9 | - | - | - | - | (3,413) |
| PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT | | (787) | (857) | (1,644) | (1,291) | (5,769) |
| Other comprehensive income: | | | | | | |
| Retranslation reserve on disposal | | - | - | - | - | (854) |
| Exchange differences on translating foreign operations | | - | - | - | (149) | (216) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT | | (787) | (857) | (1,644) | (1,440) | (6,839) |
| Basic and diluted loss per share – pence (continuing and discontinuing operations) | 10 | | | (0.028) | (0.022) | (0.098) |
| Basic and diluted loss per share – pence (continuing operations) | 10 | | | (0.028) | (0.020) | (0.034) |
| Basic and diluted loss per share – pence (discontinuing operations) | 10 | | | n/a | (0.002) | (0.064) |

**CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
As at 30 June 2013**

| | | At 30 June 2013 Unaudited £'000 | Restated At 30 June 2012 Unaudited £'000 | At 31 December 2012 Audited £'000 |
|---|------|---|---|---|
| | Note | | | |
| NON-CURRENT ASSETS | | | | |
| Goodwill | 11 | - | 175 | - |
| Other intangible assets | 12 | 1,204 | 1,338 | 1,213 |
| Property, plant and equipment | 13 | 292 | 328 | 302 |
| Investments accounted for using the equity method | | | 9,513 | |
| | | <u>1,496</u> | <u>11,354</u> | <u>1,515</u> |
| CURRENT ASSETS | | | | |
| Inventories | 14 | 581 | 969 | 369 |
| Trade and other receivables | 15 | 1,023 | 1,650 | 1,128 |
| Cash and cash equivalents | | 3,949 | 1,118 | 6,275 |
| | | <u>5,553</u> | <u>3,737</u> | <u>7,772</u> |
| TOTAL ASSETS | | <u>7,049</u> | <u>15,091</u> | <u>9,287</u> |
| CURRENT LIABILITIES | | | | |
| Provisions | 16 | - | 222 | 222 |
| Trade and other payables | 17 | 558 | 1,382 | 931 |
| | | <u>558</u> | <u>1,604</u> | <u>1,153</u> |
| TOTAL LIABILITIES | | <u>558</u> | <u>1,604</u> | <u>1,153</u> |
| NET ASSETS | | <u>6,491</u> | <u>13,487</u> | <u>8,134</u> |
| EQUITY | | | | |
| Share capital | 18 | 5,898 | 5,885 | 5,885 |
| Share premium account | | 38,623 | 38,623 | 38,623 |
| Share options reserve | | 954 | 920 | 966 |
| Translation reserve | | (85) | 836 | (85) |
| Retained losses | | (38,899) | (32,777) | (37,255) |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND TOTAL EQUITY | | <u>6,491</u> | <u>13,487</u> | <u>8,134</u> |

The interim statements were approved by the Board on 30 August 2013.

Signed on behalf of the Board of Directors

Paul R Mines (Chief Executive)
30 August 2013

**CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
As at 30 June 2013**

| | 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 2013 | 5,885 | 38,623 | 966 | (85) | (37,255) | 8,134 | - | 8,134 |
| Share options issued in share based payments | - | - | (12) | - | - | (12) | - | (12) |
| Issue of share capital | 13 | - | - | - | - | 13 | - | 13 |
| Transactions with owners | 13 | - | (12) | - | - | 1 | - | 1 |
| Loss for the period | - | - | - | - | (1,644) | (1,644) | - | (1,644) |
| Total comprehensive income for the period | - | - | - | - | (1,644) | (1,644) | - | (1,644) |
| Balance 30 June 2013 | 5,898 | 38,623 | 954 | (85) | (38,899) | 6,491 | - | 6,491 |
| 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 |
| 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 |

| | 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 2012 | 5,885 | 38,623 | 862 | 985 | (31,486) | 14,869 | - | 14,869 |
| Share options issued in share based payments | - | - | 104 | - | - | 104 | - | 104 |
| Transactions with owners | - | - | 104 | - | - | 104 | - | 104 |
| Loss for the year | - | - | - | - | (5,769) | (5,769) | - | (5,769) |
| Other comprehensive income: | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | (216) | - | (216) | - | (216) |
| Reversal on sale of Biotec | - | - | - | (854) | - | (854) | - | (854) |
| Total comprehensive income for the year | - | - | - | (1,070) | (5,769) | (6,839) | - | (6,839) |
| Balance 31 December 2012 | 5,885 | 38,623 | 966 | (85) | (37,255) | 8,134 | - | 8,134 |

**CONSOLIDATED STATEMENT
OF CASH FLOWS
For the period ended 30 June 2013**

| | 6 Months ended 30 June 2013 Unaudited £'000 | 6 Months Ended 30 June 2012 Unaudited £'000 | Year ended 31 December 2012 Audited £'000 |
|--|--|--|--|
| Loss from operations – continuing operations | (1,686) | (1,175) | (2,051) |
| Adjustment for: | | | |
| Amortisation and impairment of intangible assets | 128 | 119 | 420 |
| Depreciation of property, plant and equipment | 30 | 30 | 55 |
| Share based payments | 1 | 58 | 123 |
| Foreign exchange | 28 | - | (21) |
| Operating cash flows before movement of working capital | (1,499) | (968) | (1,474) |
| Decrease/(increase) in inventories | (213) | (70) | 362 |
| Decrease/(increase) in receivables | 107 | 491 | 788 |
| (Decrease)/increase in payables | (595) | (176) | (475) |
| Cash utilised by continuing operations | (2,200) | (723) | (799) |
| Cash utilised by discontinuing operations | - | (280) | (592) |
| Cash utilised in operations | (2,200) | (1,003) | (1,391) |
| Corporation tax (paid)/received | - | - | 73 |
| Net cash outflow from operating activities | (2,200) | (1,003) | (1,318) |
| Cash flows from investing activities | | | |
| Continuing operations | | | |
| Interest received | 13 | 1 | 10 |
| Investment in intangible assets | (119) | (115) | (265) |
| Purchase of property, plant and equipment | (20) | (7) | (6) |
| Net cash used in investing activities – continuing operations | (126) | (121) | (261) |
| Discontinuing operations | | | |
| Proceeds from disposal of joint venture – net of cash | - | - | 4,991 |
| Purchase of property, plant and equipment | - | (21) | (23) |
| Net cash used in investing activities – discontinuing operations | - | (21) | 4,968 |
| Net cash used in investing activities | (126) | (142) | 4,707 |
| Financing activities | | | |
| Discontinuing activities | | | |
| Proceeds from borrowings | - | - | 597 |
| Repayment of obligations under finance lease | - | (90) | (90) |
| Net cash from financing activities | - | (90) | 507 |
| Net decrease in cash and cash equivalents | (2,326) | (1,235) | 3,896 |
| Cash and cash equivalents at beginning of period | 6,275 | 2,399 | 2,399 |
| Effect of foreign exchange rate changes | - | (14) | (20) |
| Cash and cash equivalents at end of period | 3,949 | 1,150 | 6,275 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2013

1. CORPORATE INFORMATION

The financial information for the year ended 31 December 2012 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 2012 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 2013. 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 2012.

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 2012 except for the application of IFRS 11 'Joint Arrangements' (see basis of consolidation).

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 2013. 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 2013 the subsidiary undertakings were Biome Bioplastics Limited, Stanelco RF Technologies Limited, Aquasol Limited and InGel Technologies Limited.

On the 1 October 2012 the Company disposed of its 50% holding in its joint venture headed by Biotec Holding GmbH. IFRS 11 supersedes IAS 31 'Interests in Joint Ventures'. IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method. The Group's only joint arrangement within the scope of IFRS 11 was its 50% investment in Biotec Holdings GmbH, which was accounted for using the proportionate consolidation method under IAS 31. Management has reviewed the classification of Biotec Holdings GmbH in accordance with IFRS 11 and has concluded that it was a joint venture. IFRS 11 requires the use of equity accounting for joint ventures. IFRS 11 has been applied retrospectively but with certain simplifications in accordance with the transitional provisions of that standard. Consequently, the investment in Biotec Holdings GmbH has been restated by aggregating the carrying amounts of the assets and the liabilities that the Group had previously proportionately consolidated. As the joint venture was disposed of on 1 October 2012 the reclassification only applies to the consolidated statement of financial position as at 30 June 2012 as follows:

| | |
|---|------------------------------|
| Increase in investments accounted for using the equity method | £'000 9,513 |
| Decrease in: | |
| Goodwill | (6,880) |
| Other intangible assets | (2) |
| Property, plant and equipment | (1,180) |
| Inventories | (2,556) |
| Trade and other receivables | (3,955) |
| Cash and cash equivalents | (32) |
| Trade and other payables | 2,514 |
| Promissory notes | 2,578 |
| Change in net assets | <u><u>-</u></u> |

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 2013

| | Bioplastics 6 Months ended 30 June 2013 £'000 | RF Technologies 6 Months ended 30 June 2013 £'000 | Central Costs 6 Months ended 30 June 2013 £'000 | Total 6 Months ended 30 June 2013 £'000 |
|---|--|---|---|--|
| Unaudited | | | | |
| Revenue from external customers – continuing operations | 312 | 569 | - | 881 |
| SEGMENT RESULT | (215) | (5) | (495) | (715) |
| Costs relating to surrender buildings and capital reduction and share consolidation costs | | | | (114) |
| Exceptional items | | | | (857) |
| (LOSS)/PROFIT FROM CONTINUING OPERATIONS | | | | (1,686) |
| Investment revenue | | | | 13 |
| Finance charges | | | | - |
| Foreign exchange gain | | | | 29 |
| LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS | | | | (1,644) |
| TOTAL ASSETS | 1,711 | 985 | 4,353 | 7,049 |

4b. 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 | Discontinued Operations 6 Months ended 30 June 2012 £'000 | Total 6 Months ended 30 June 2012 £'000 |
|---|--|---|---|---|--|
| Unaudited | | | | | |
| Revenue from external customers – continuing operations | 2,275 | 1,002 | - | - | 3,277 |
| SEGMENT RESULT | (550) | 158 | (685) | - | (1,077) |
| Costs relating to surrender buildings and capital reduction and share consolidation costs | | | | | (98) |
| Exceptional items | | | | | - |
| (LOSS)/PROFIT FROM CONTINUING OPERATIONS | (550) | 158 | (685) | - | (1,175) |
| Investment revenue | | | | | 2 |
| Finance charges | | | | | - |
| Foreign exchange loss | | | | | (13) |
| LOSS BEFORE AND AFTER TAXATION FROM CONTINUING OPERATIONS | | | | | (1,186) |
| Discontinued operations and exceptional charges | | | | | (105) |
| LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS | | | | | (1,291) |
| TOTAL ASSETS | 3,459 | 1,236 | 882 | 9,513 | 15,091 |

4c. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2012

| | Bioplastics Year ended 31 December 2013 £'000 | RF Technologies Year ended 31 December 2013 £'000 | Central Costs Year ended 31 December 2013 £'000 | Total Year ended 31 December 2013 £'000 |
|---|---|---|--|---|
| Audited | | | | |
| Revenue from external customers – continuing operations | 3,387 | 2,265 | - | 5,652 |
| SEGMENT RESULT | (977) | 411 | (1,288) | (1,854) |
| Costs relating to surrender buildings and capital reduction and share consolidation costs | | | | (197) |
| (LOSS)/PROFIT FROM CONTINUING OPERATIONS | | | | (2,051) |
| Investment revenue | | | | 10 |
| Finance charges | | | | - |
| Foreign exchange gain | | | | (23) |
| LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS | | | | (2,064) |
| Taxation | | | | 73 |
| LOSS AFTER TAXATION FROM CONTINUING OPERATIONS | | | | (1,991) |
| Discontinued operations and exceptional charges | | | | (3,778) |
| LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS | | | | (5,769) |
| TOTAL ASSETS | 2,188 | 1,491 | 5,608 | 9,287 |

5. NON RECURRING COSTS

On 23 May 2013 the company entered into an agreement with the landlord to surrender the leases on two buildings that it does not use for its operations. The costs associated with these buildings, to the point of lease surrender, have been included in administrative expenses but will no longer reoccur after the surrender date. For the six months to 30 June 2013 this amounted to a net cost of £114,000 (six months to 30 June 2012: net cost of £98,000; full year to 31 December 2012: net cost of £197,000).

6. EXCEPTIONAL ITEMS

During the six months to 30 June 2013 the company entered an agreement to surrender the leases on two buildings that were surplus to its operational requirements and also commenced a process to effect a capital reduction and consolidation of its ordinary shares of 0.1p. The costs associated with these projects are distinct from the normal trading of the company and have therefore been classified as exceptional items. A summary of these costs is outlined as follows:

| Exceptional items | Total for 6 months ended 30 June 2013 |
|---|--|
| | £'000 |
| Lease surrender fee | 895 |
| Prepaid rent and service charges | 59 |
| Legal and professional fees | 36 |
| - property transaction | 82 |
| - capital reduction and share consolidation | 7 |
| Bad debt provision on rental income | (222) |
| Reversal of property lease provision | (222) |
| Total exceptional items | 857 |

7. 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 2012 has not yet been settled and there is therefore no tax credit recognised in the period under review.

8. LOSS FOR THE YEAR – DISCONTINUED OPERATIONS

On 1 October 2012 the company disposed of its 50% holding in its joint venture headed by Biotec Holding GmbH. As a result the prior year comparatives have been reclassified to reflect the results of Biotec into discontinued operations. For the six months to 30 June 2012 the loss associated with Biotec was £105,000 and for the full year to the point of disposal the loss was £365,000.

9. EXCEPTIONAL ITEMS – DISCONTINUED OPERATIONS

On disposal of the company's 50% holding in its joint venture headed by Biotec Holding GmbH the company incurred the following exceptional items in 2012:

| Exceptional items | Total for the year ended 31 December 2012 |
|-----------------------------------|--|
| | £'000 |
| Loss on carrying value of Biotec | 3,786 |
| Transaction costs | 112 |
| Foreign exchange transaction gain | (854) |
| Write down of inventories | 168 |
| Bad debt provision | 52 |
| Impairment of intangible assets | 149 |
| Total exceptional items | 3,413 |

10. 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 £1,644,000 (2012: loss of £1,291,000) and a weighted average of 5,889,255,585 (2012: 5,884,866,333) ordinary shares in issue.

Basic and diluted earnings per share are equal in the six months ended 30 June 2013 as all outstanding share options were out of the money for the purposes of the diluted earnings per share calculation.

11. GOODWILL

The decrease in goodwill since 30 June 2012 results from the disposal of the company's 50% holding in its joint venture headed by Biotec Holding GmbH.

12. OTHER INTANGIBLE ASSETS

Other intangible assets decreased in the period as a result of the capitalisation of £119,000 of product development costs being exceeded by the amortisation charge for the period of £128,000.

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment decreased in the reporting period as a result of depreciation charge of £30,000 offsetting the purchase of property, plant and equipment in the period of £20,000.

14. INVENTORIES

The increase in inventories during the reporting period primarily reflects increased stocking levels within Biome Bioplastics in the US for the single use coffee capsules project.

15. TRADE AND OTHER RECEIVABLES

The decrease in trade and other receivables is mainly a result of the surrender of the surplus lease properties. This resulted in a lower rent prepayment at the period end.

16. PROVISIONS

The provision as at 31 December 2012 related to the surplus leases which were surrendered back to the landlord on the 23 May 2013 for a fee of £895,000.

17. TRADE AND OTHER PAYABLES

The decrease in trade and other payables during the reporting period primarily reflects the timing of payments to suppliers.

18. SHARE CAPITAL

During the reporting period an additional 13,013,667 ordinary shares of 0.1p were issued. 12,800,000 were issued with respect a consulting agreement with a company that is controlled by a Director. The remainder were issued in relation to the share consolidation.

19. POST BALANCE SHEET EVENTS

On 23 May 2013 the company announced a capital reduction and share consolidation of its existing ordinary shares of 0.1 pence subject to shareholder and court approval. On 20 June 2013 the shareholders approved the capital reduction and share consolidation and this became effective on 25 July 2013. In addition the company purchased 102,483 of the new ordinary shares of 5p from those shareholders who had fractional entitlements and those shareholders who held less than 430,000 old shares of 0.1p at 85.9p per share. The proforma effect on the balance sheet, assuming this consolidation had occurred on 30 June 2013, would have been as follows:

| Proforma effect of capital reduction and share consolidation on the 30 June 2013 balance sheet | Interim results 30 June 2013 | Proforma post capital reduction and share consolidation |
|---|---|--|
| | £'000 | £'000 |
| Equity | | |
| Share capital | 5,898 | 117 |
| Share premium account | 38,623 | 728 |
| Share options reserve | 954 | 954 |
| Capital redemption reserve | - | 4 |
| Translation reserve | (85) | (85) |
| Retained (losses)/profits | (38,899) | 4,686 |
| | 6,491 | 6,404 |

The difference in the total amounts being the £87,000 paid for the buyback of the fractional entitlements.

20. 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 2012 ("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 reviewed the condensed set of financial statements in the half-yearly financial report of Biome Technologies Plc for the six months ended 30 June 2013 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. 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's members, as a body, 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'. Our review 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 independent 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 and the company's members as a body, 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 International Financial Reporting Standards 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 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

SOUTHAMPTON
30 August 2013