27 March 2014

Biome Technologies plc
(“Biome”, “the Company” or “the Group”)

Preliminary Results

Biome Technologies plc announces its Preliminary Results for the year ended 31 December 2013.

Highlights

- Group financial performance in line with expectations
- Operating loss reduced to £1.7m (2012: £2.1m)
- Cash position at 31 December 2013 was £3.3m
- Considerable new revenue streams generated in Biome Bioplastics division with further promising technical progress on pipeline of products
- Stanelco Radio Frequency (RF) Technologies division’s order-book improving. Recently signed a substantial contract to supply advanced analytical equipment based on the Group’s induction heating technology
- Settlement of legacy leases and capital reorganisation has ensured the Group is in robust structural shape.

Paul Mines, Chief Executive, said:

“The Board’s confidence in the Group’s near term revenue growth potential is improving as illustrated by the recent contract award for our RF Division. Both the Bioplastics and RF Technologies’ order pipelines are currently well ahead of 2013 levels, with increasing testing and development work being undertaken by our customers providing us with confidence in the potential commerciality of a number of products.

The Group is in good structural shape and we are already seeing our technology begin to exhibit some of its exciting potential. We look forward to improving the Group’s performance through 2014 and beyond.”

- Ends -

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Chairman's Statement

Our results for 2013 were broadly as expected with new revenue streams and cost controls ensuring that the operating loss, before exceptional items, was reduced to £1.7m (2012: £2.1m). This also reflects the fall in the Group's reported revenues following the removal of consolidated revenues after the sale of the 50% share in Biotec Holding GmbH ("Biotec") in 2012.

The Biome Bioplastics division's strategy is now firmly focused on the commercialisation of bioplastics in a discrete number of product/application areas where we believe the business has differentiated products and intellectual property. The technology has begun to exhibit some of its exciting potential and new revenue streams comprising £0.6m were generated in the year. There was further promising technical progress on the pipeline of products that are, as yet, pre-commercial.

The Stanelco RF Technologies division was again cash generative at the earnings before interest, depreciation and amortisation level. Nevertheless, revenue was disappointing in the year as demand for the business' fibre optic furnaces in both China and India remained subdued due to over-capacity in fibre production. 2014 has started more positively in this regard.

We were pleased that the settlement of the Group's legacy property issues, as well as a restructuring of the Group's shares and capital, has now put the business in a good structural shape for the future.

Results

Group revenues were £2.0m (2012: £5.7m), reflecting the sale of the Group's 50% share in Biotec. Mitigating the impact of these lower revenues were higher margins achieved on sales in both the Biome Bioplastics and Stanelco RF Technologies divisions and the cost reduction exercise continued during the year. The resultant operating loss, before exceptional items, was reduced to £1.7m (2012: £2.1m). The loss after taxation, including exceptional items related to the lease settlement, share consolidation and capital reduction was £2.5m (2012: loss of £5.8m, which included the exceptional loss on the sale of Biotec). Including the exceptional items and discontinued activities in 2012, the loss per share was 107 pence (2012: loss per share of 238 pence).

The Biome Bioplastics division's revenues fell to £1.0m (2012: £3.4m) as it refocused its sales activity from the lower-margin, single-use plastic bag market onto sales of higher performance products. The resulting operating loss for the division was reduced to £0.4m (2012: £1.0m).

Within the Stanelco RF Technologies division, revenues fell to £1.0m (2012: £2.3m) as the turbulence in the Chinese optic fibre market continued throughout 2013. Despite increasing margins and lowering costs in this division, the resultant operating loss was £0.1m (2012: operating profit of £0.4m).

Cash

The Group's cash resources continued to be managed prudently throughout the year, with the cash position at 31 December 2013 being £3.3m (31 December 2012: £6.3m). Over the year, the cash utilised by continuing operations, excluding exceptional items, was £1.5m (2012: £0.8m), which included an increase of £0.3m in working capital. Cash outflow from the lease settlement, share consolidation and capital reduction amounted to £1.2m. There was no significant investment in the year in new property, plant and equipment (2012: nil) and £0.2m in product development (2012: £0.3m).

Given the Group's cash balances, and that the fact that the Group's debt facility had remained unused since its inception, this facility was terminated in January 2013.

Restructuring

In May 2013, the Board announced a settlement with its landlord in respect of two of the three buildings in Southampton that were surplus to the Group's operational needs. Under the terms of the settlement the

Group paid a cash sum of £0.9m to the landlord to settle all ongoing liabilities and dilapidations in relation to these two properties.

The Group also undertook a capital reduction and share consolidation in the year. The purpose of the share consolidation was to rationalise the unusually large shareholder base, thereby reducing the costs of administration and providing an exit for shareholders with little economic interest in the Group. The court-approved capital reduction allowed the share premium account to be cancelled against the accumulated losses and provides the Group with greater financial flexibility going forward. Following this capital reduction, the Company had distributable reserves of £8.0m as at 31 December 2013.

Strategy

The Group's strategy for some years has been to build a leading position in its chosen markets based on proprietary IP protected technology. It will do this by developing products for a range of functional application areas where value-added pricing can be justified. The products developed are to be application-led rather than technology-led and will be driven by a team capability that is at the forefront of application and product engineering.

For the business trajectory through to 2016, the Board has adopted three high level Key Performance Indicators (KPIs) that complement the strategy and articulate stretching objectives. These are:

- Vigorous growth of revenues of over 40% per annum in a number of the Group's specialised applications that are founded on our proprietary technology platforms

- A highly differentiated product pipeline that will diversify our commercially-viable product ranges by 50% by 2016 and will fuel our sustained revenue growth

- Passing the "earnings positive" inflection point in quarterly trading during 2015.

The Board will measure the Group's performance against these KPIs going forward and report to shareholders on progress.

Biome Bioplastics

Throughout the year, the division continued with its strategy to focus on the commercialisation and development of its wholly-owned intellectual property.

Several customers in the USA procured increasing volumes of Biome's materials for use in the single-serve coffee market. The type of materials supplied, and the customer base utilising them, is widening. This area of activity is developing into one of continuing and increasing levels of take-up for our materials, which are being used in the manufacture of products seen in branded items in supermarkets in the USA and Canada. This experience is being built upon to widen our reach and product offering.

During the year another key milestone was achieved as the Group's novel high temperature material for a food service application was granted composting accreditation. This accreditation, after three years of development, has allowed the business to progress with commercialisation. The material is now in pre-market testing with a number of customers with potential for significant uptake.

The division has also been investigating opportunities for the manufacture of bio-based materials through the use of synthetic biology in pursuit of a next generation of bioplastics that can be made at comparable cost to traditional petro-chemicals. The division, along with its research partner the University of Warwick, was awarded two research grants from the Technology Strategy Board (a Government body charged with making the UK a global leader in innovation) for a feasibility study in this area. This work is proceeding in an encouraging manner.

Stanelco RF Technology

The Stanelco RF Technologies Division continued to be impacted in the year by apparent excess capacity in the Chinese fibre-optic market. Early indications in 2014 show that some of this uncertainty has abated with orders for a number of furnaces received and further orders under discussion. Self-help measures to promote retrofits to installed furnaces have encouraged new business. Progress has continued on the Durapipe contract with customer sign off on the prototypes awaited. The commercial agreement signed with Forsstrum widened the product range into larger welders. This and other wider opportunities will aid the strategy of lessening the reliance on the optic fibre furnace market.

Neil Martin, who had led this Division for the past four years, stepped down in February 2013 and we thank him for the transformation he brought to the business during his tenure. Stephen Baskerville took over as Managing Director in August 2013 and brings with him over twenty years of commercial and technical roles in the industry.

Outlook

The Board's confidence in the Group's near term revenue growth potential is improving as both the Bioplastics and RF Technologies order pipelines are extending in the first months of 2014, at levels well ahead of 2013. The recent contract win for RF Technologies (announced 24 March) further underpins this growth dynamic.

Our confidence for the future of the Group's performance stems from the increasing testing and development work being undertaken by our customers and potential customers in chosen markets and in their encouragement that we have an exciting pipeline of new applications for our marketplaces.

We look forward to improving the Group's performance through 2014 and beyond.

John Standen
Chairman

Strategic Report

2013 was a transitional year in which the Management Team was able to focus on the two remaining divisions without the activity of the previous Joint Venture. In Biome Bioplastics the emphasis was on understanding the commercial capability of the products by driving new revenues whilst pushing forward with technology development. In RF Technologies the focus was on managing a significant change in market dynamics whilst preparing the organisation and product range for the future.

As described in the Chairman's Statement, the Board has adopted three high level Key Performance Indicators (KPIs) that articulate stretching objectives for the business through to 2016. These are:

- Vigorous growth of revenues of over 40% per annum in a number of specialised applications, which are founded on our proprietary technology platforms

- A highly differentiated product pipeline that will diversify our commercially-viable product ranges by 50% by 2016 and will fuel our sustained revenue growth

- Passing the "earnings positive" inflection point in quarterly trading during 2015.

The divisional sections below set out the strategies adopted to meet these objectives for the Group.

Biome Bioplastics Division

Revenues in the Bioplastics division decreased to £1.0m, (2012: £3.4m excluding discontinued activities). This drop is a direct result of the stated strategy to refocus the division away from the lower-margin, single-use plastic bag market following the Group's sale of its 50% shareholding in Biotec on 1 October 2012.

Markets

The production costs of functional bioplastics are at a substantive premium to materials that are of petro-chemical origin. This differential is a result of both scale, functionality and input costs. Adoption of today's bioplastics is therefore reliant on either legislative drivers or a willingness from the end-user to pay a premium for "green" attributes.

Areas of the market that are best suited to accommodate this price differential are where there is a high technical performance requirement, where the biomaterial costs are a small fraction of the end product price, and where there is strong consumer interest in the end-of-life performance of the material.

It is in these areas that Biome has focused its research and development activities over the last few years. As a result, the division has developed a number of leading products that are undergoing trials with various customers.

Technical Development

Biome's development work is based on market-led innovation where a strong need is perceived and where the business can gain technology leadership in the sector.

During 2013, the UK-based development team has focused its time on supporting trials with existing and new customers as well as re-formulating the high temperature resistant product (BiomeHT) to gain compostibility accreditation, which it was awarded in the second half of 2013.

Significant further development work was undertaken on the coating and lamination grade material Biome EasyFlow. Trials on the performance of this grade are now at an early stage with a number of substantial customers.

There are four product ranges that we are actively promoting where we believe we have a differentiated product in the market:

BiomeHT	Bioplastic with enhanced temperature performance (compostable)
BiomeEasyflow	Low viscosity biomaterial for coating (compostable)
BiomeBiolam	Biomaterial suitable for multi-layer lamination (compostable)
BiomeEP	Bioplastic for films with enhanced print characteristics

Biome Bioplastics has also partnered with the University of Warwick's Centre for Biotechnology and Biorefining to develop the next generation of bioplastics. The aim of this development is to ensure that future bioplastics can challenge the dominance of oil-based plastics and ultimately replace them in a range of applications whilst being comparable on cost. In the first half of the year, the division was awarded a £150,000 grant by the Technology Strategy Board (a Government body charged with making the UK a global leader in innovation) to investigate the feasibility of using a bio-based alternative to the oil-derived chemicals currently used in the manufacture of bioplastics. Subsequently a second grant to broaden this work was awarded by the TSB and the Biotechnology and Biological Sciences Research Council (BBSRC) for a Knowledge Transfer Partnership (KTP) with the University of Warwick. This project has a total budget of £244,000 of which £164,000 is supported by Government contribution.

Investment by Biome Bioplastics in product development for the year was £0.2m (2012: £0.3m).

Stanelco RF Technologies Division

Stanelco RF Technologies is a specialist engineering business focused on the design and manufacture of electrical/electronic systems based on advanced radio frequency technology.

Whilst the business has continued to widen its product offering over the last couple of years, its core product offering remains the supply of fibre optic furnaces. Revenues in 2013 at £1.0m were considerably lower than in the comparable period (2012: £2.3m). This is due to the continued uncertainty that surrounded the Chinese optical fibre market throughout 2013. The operating loss for the period was £0.1m (2012: profit of £0.4m).

In order to mitigate the volatility in the optic fibre market, the Group has been extending its product range and announced at the start of 2013 that Stanleco has been appointed as the UK sales and service agent for Forsstrom High Frequency AB ("Forsstrom"). Forsstrom is a world leading supplier of high frequency welding equipment and the appointment extends Stanelco's product offering into larger plastic welding equipment. Commissions are now starting to be received from this agreement.

The business focuses on four key revenue streams:

Optical Fibre Furnace Systems

Stanelco RF Technologies is a world leader in the design and manufacture of induction furnace systems used in the manufacture and processing of quartz glass "preforms" to produce optical fibre. Each system is bespoke to customers' exact requirements. The global demand for optical fibre experienced some turbulence towards the end of 2012, however, due to lack of demand of end fibre in China. This turbulence continued throughout 2013 with customers holding back on making capital investments in new furnaces. The Stanelco RF team is developing a range of new products, and upgrade kits, which considerably reduce the energy cost associated with running these machines to attract replacement sales.

Plastic Welding Equipment

These units are used in a multitude of end-user applications including the nuclear, medical and industrial sectors. The equipment is provided in hand-held, mobile or fully automated static solutions dependent on customers' requirements. The Forsstrom agreement, mentioned above, helps to broaden the division's product offering in this area into larger welding applications.

Induction Heating Equipment

Work in 2013 centred on the continued development of the Durapipe project where Stanelco RF had been contracted by Durapipe UK to develop an innovative new portable welding system. The prototype units have been delivered to Durapipe and we are awaiting the completion of customer testing.

Service and Spares

The business continues to support its large installed equipment base through the provision of maintenance support, system upgrades and specialist spares across the globe.

Expenses

The management team continues to focus on cost efficiency. Administration costs, excluding exceptional items, in the year were £2.5m (2012: £3.1m), a reduction of £0.6m on the prior year.

As mentioned in previous updates, costs in the UK continued to be impacted in the first half of the year by the legacy building lease arrangement at Southampton. The Group had long term leases on three buildings at this headquarter location but only used the smallest one for its operational needs. The Group therefore entered into a settlement agreement with the landlord to relinquish the leases on the two surplus buildings for a cash sum of £0.9m to settle all ongoing liabilities and dilapidations in relation to the two properties. By reaching this agreement the Group removed a gross lease obligation worth approximately £3.2m in lease, service charges, insurance, dilapidations and rates over the course of the eight years remaining on the leases for the two buildings.

Principal risks and uncertainties

The management of the business and the nature of the Company’s strategy are subject to a number of risks. The directors have set out below the principal risks facing the business. The directors continually review the risks identified below and, where possible, processes are in place to monitor and mitigate such risks.

Political, economic and regulatory environment

The Group is subject to political, economic and regulatory factors in the various countries in which it operates. There may be a change in government regulation or policies which materially and/or adversely affect the Group’s ability to successfully implement its strategy.

The Directors aim to keep abreast of developments as they affect these factors and modify their strategy where this is appropriate.

Fluctuations in exchange rates may affect product demand in different regions and may adversely affect the profitability of products provided by the Group in foreign markets where payment is made for the Group's products in local currency.

The directors are informed regularly of the potential impact of exchange rate movements on the business and act to mitigate any adverse movements wherever possible.

The Group's products and manufacturing processes utilise a number of raw materials and other commodities. The markets for these materials and commodities may be subject to high price volatility and the Group may be constrained if there is limited supply.

The Group continually seeks to reduce its dependence on a small number of raw materials. It negotiates best possible prices and actively seeks new sources of raw material.

Some of the Group's products are employed in the food and pharmaceutical industries, both of which are highly regulated. There is a risk that the Group may lose contracts or be subject to fines or penalties for any non-compliance with the relevant industry regulations.

The Group ensures staff are well versed in the regulatory environment of its end-use industries and regularly reviews its product portfolio to ensure compliance with relevant regulations.

Intellectual property

Although the Group attempts to protect its intellectual property, there is a risk that patents will not be issued with respect to applications now pending. Furthermore, there is a risk that patents granted or licensed to Group companies may not be sufficiently broad in their scope to provide protection against other third party technologies.

The Group takes professional advice from experienced patent attorneys and works hard to win patents applied for and to ensure that the scope is sufficiently broad.

Other companies are actively engaged in the development of bioplastics. There is a risk that these companies may have applied for (or been granted) patents which impinge on the areas of activity of the Group. This could prevent the Group from carrying out certain activities or, if the Group manufactures products which breach (or may appear to breach) the patents there is a risk that the Group could become involved in litigation which could be costly and protracted and ultimately be liable for damages if the breach is proven.

The Group keeps up-to-date with its competitors' product developments and patent portfolios and aims to ensure that no infringements occur. Professional advice is sought from experienced patent attorneys if there are any concerns.

Competition

There is a risk that competitors may be able to develop products and services that are more attractive to customers than the Group's products and services.

The Group aims to be ahead of the competition by continual development of its products targeted at specific customer requirements.

Commercialisation

There is a risk that the Group will not be successful in the commercialisation of its products from early-stage research and development to full-scale commercial sales.

The Group develops a number of products and some may not prove to be successful. The Directors ensure that regular reviews of product development are undertaken so that unsuccessful developments can be terminated early in their life cycle. If a project is deemed not to be commercial then the capitalised costs are written off.

Customers

The Group's ability to generate revenues for a number of its products is reliant on a small number of customers. If one of these was to significantly reduce its orders it could have a significant impact on the Group's results.

The Group is constantly adding to its customer base and, as its revenues grow, becoming increasingly less dependent on any single customer.

Financial risks

The Group uses various financial instruments including cash, lease finance, equity and various items such as trade receivables and trade payables that arise directly from its operations. The existence of these instruments exposes the Group to a number of financial risks, the main ones being exchange rate risk, liquidity risk, interest rate risk and credit risk.

The directors review and agree policies for managing each of these risks and these are summarised in Note 24 to the financial statements.

Raw Materials

The Group is reliant on a few key suppliers to manufacture its products. If one of these was to cease supplying the market it could have a significant impact on the Group's ability to fulfil its orders.

The Group is constantly adding to its supply base and testing alternative sources of raw materials.

Financial review

The summary results for the Group are shown below. It should be noted that for the financial year 2012, under IFRS, the result of Biotec has been reclassified as a discontinuing activity up to the point of the joint venture's sale on 1st October 2012 and is therefore excluded from the analysis below to enable a like for like comparison.

	2013 £'m	2012 £'m	Growth
LIKE-FOR-LIKE COMPARISONS			
Revenues			
Biome Bioplastics	1.0	3.4	(71)%
RF Technologies	1.0	2.3	(57)%
Total revenues	**2.0**	**5.7**	**(65)%**
Loss from operations – pre exceptional items			
Biome Bioplastics	(0.4)	(1.0)	60%
RF Technologies	(0.1)	0.4	(125)%
Central costs	(1.2)	(1.5)	20%
Loss from operations – pre exceptional items	**(1.7)**	**(2.1)**	**19%**
Non-current assets	1.5	1.5	
Inventories	0.6	0.4	
Trade and other receivables	0.9	1.1	
Cash	3.3	6.3	
Provisions	-	(0.2)	
Trade and other payables	(0.7)	(1.0)	
Net assets	**5.6**	**8.1**	

Revenues

Group revenues decreased in the year from £5.7m to £2.0m with decreases in both the Biome Bioplastics and RF Technologies divisions.

In Biome Bioplastics, revenues fell by 71% which is a direct result of the refocus of the Group away from lower-margin, single-use plastic bag markets as part of the Group's sale of its 50% shareholding in Biotec on 1 October 2012. Revenues in 2013 are a result of the strategy to focus on the commercialisation of its own intellectual property in markets requiring higher functionality and where the cost of the bioplastic material is a small proportion of final product cost.

In RF Technologies, revenues fell by 57% in 2013 as turbulence in the Chinese fibre optic market continued with the drop in furnace orders accounting for £0.9m.

Operating profits/(losses)

The Group's loss from operations on a like-for-like basis, excluding exceptional items and discontinued activities, for the year decreased from £2.1m to £1.7m.

Administrative costs across the Group, excluding exceptional items and discontinued activities, in 2013 were £2.5m (2012: £3.1m). When the non cash effects of depreciation, amortisation, goodwill impairment, and share option charges are removed, the recurring administrative expenses in 2013 were £2.0m (2012: £2.5m), a drop of £0.5m compared to the prior year. As in 2012, the directors have waived their bonus entitlements for 2013.

Product development costs of £0.2m (2012: £0.3m) were capitalised in the year. Tax R&D claims resulted in a tax credit received in the year of £0.05m (2012: credit of £0.1m).

The Group also incurred £0.9m of exceptional costs in the year which is net of the £0.2m reversal of the property provision and the £0.1m cost of the share buy-back going to distributable reserves. Gross cash costs for the exceptional items were £1.2m. These exceptional items relate to the surrender of the long term leases on the two surplus industrial units and the costs incurred in the share consolidation and capital reduction. Costs incurred for the property lease surrender were £0.8m (net of the release of the £0.2m property provision). Costs incurred for the share consolidation and capital reduction were £0.2m, with £0.1m of this going direct to distibutable reserves.

The Group's loss after tax, after exceptional items, for the year was £2.5m (2012: loss after tax of £5.8m), giving a loss per share of 107p (2012: loss per share of 238p). The loss-per-share calculation has been recalculated for both 2013 and 2012 using an equivalent number of shares post the share consolidation to enable a like-for-like comparison.

Balance sheet

The carrying value of intangible assets relate to capitalised development costs predominantly within the Biome Bioplastics division for the Group's own intellectual property and product range going forward.

As at 31 December 2013 there is £1.2m of capitalised development costs (2012: £1.2m) within the Group's balance sheet, of which £0.9m relates to BiomeHT and BiomeEasyflow. An assessment is made at least annually which assumes future potential market take up of the products and the margins achievable.

The provision included in the 2012 balance sheet related to the estimated lease void for the two surplus industrial units. This provision was released to exceptional items in 2013 when the leases on the two surplus industrial units were surrendered to the landlord.

Cashflow

Cashflow	2013 £'m	2012 £'m
Loss from continuing operations	(2.6)	(2.1)
Adjustment for non-cash items	0.4	0.6
Movement in working capital	(0.5)	0.7
Cash utilised by continuing operations	**(2.7)**	**(0.8)**
Corporate taxation received	-	0.1
Investment activities	(0.3)	(0.3)
Cash outflow before financing – continuing operations	**(3.0)**	**(1.0)**

Disposal of joint venture (net of expenses)	-	5.0
Net increase/(decrease) in cash – continuing operations	**(3.0)**	**4.0**
Cash outflow before financing – discontinued operations	-	(0.6)
Financing activities – discontinued operations	-	0.5
Net increase/(decrease) in cash – all operations	**(3.0)**	**3.9**
Opening cash balance	6.3	2.4
Closing cash balance	**3.3**	**6.3**

The cash utilised from operations, before working capital movements and exceptional items, was £1.3m (2012: £1.5m), reflecting the reduced loss from operations during 2013 compared to the prior period. Exceptional items for the lease settlement and the share consolidation and capital reduction added a further £1.2m to the cash utilised from operations. Working capital increases caused a further cash outflow of £0.3m, excluding the reversal of the property provision, as a result of increased inventories held within Biome Bioplastics for supply to the single use coffee capsules in the US. As a result, the cash utilised by operations during 2013 was £2.7m (2012: £0.8m).

Items shown as discontinued activities in 2012 relate solely to the sale of the Group's shares in Biotec on 1 October 2012.

Investment in the year in new property, plant and equipment was £0.03m (2012: £0.01m) and £0.2m in product development (2012: £0.3m).

The closing cash position was £3.3m (2012: £6.3m).

Going concern

The Directors have reviewed forecasts and budgets for the coming 12 months which have been drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. These were prepared with reference to contracted and visible business within the RF Division, and the commercialisation and increased volume from the existing trials and launches within the Bioplastics Division. As a result of this process, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future and, accordingly, that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Employees

In February 2013, Neil Martin, MD of the Stanelco RF Technologies division, decided to step down from his role and we thank him for his valued contribution to the development of the division and wish him well in his future endeavours outside the industry. In August 2013, Stephen Baskerville joined the Group to replace Neil. Stephen has over twenty years of experience in technical and commercial roles in the industry and is tasked with extending the division's product range into new markets.

Paul Mines
Chief Executive Officer

CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	2013 Before Exceptional Items £'000	2013 Exceptional Items £'000	2013 Total £'000	2012 Before Exceptional Items £'000	2012 Exceptional Items £'000	2012 Total £'000
Continuing operations							
REVENUE	**5a – 5b**	**1,977**		**1,977**	**5,652**		**5,652**
Cost of sales		**(1,200)**		**(1,200)**	**(4,596)**		**(4,596)**
GROSS PROFIT		**777**		**777**	**1,056**		**1,056**
Administrative expenses	6	**(2,465)**	**(900)**	**(3,365)**	**(3,107)**		**(3,107)**
LOSS FROM OPERATIONS	**5a – 5b**	**(1,688)**	**(900)**	**(2,588)**	**(2,051)**		**(2,051)**
Investment revenue		**21**		**21**	**10**		**10**
Foreign exchange loss		**(24)**		**(24)**	**(23)**		**(23)**
LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS		**(1,691)**	**(900)**	**(2,591)**	**(2,064)**		**(2,064)**
Taxation	**7**	**46**		**46**	**73**		**73**
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(1,645)**	**(900)**	**(2,545)**	**(1,991)**		**(1,991)**
Discontinued operations	**8**	**-**		**-**	**(365)**	**(3,413)**	**(3,778)**
LOSS FOR THE YEAR		**(1,645)**	**(900)**	**(2,545)**	**(2,356)**	**(3,413)**	**(5,769)**
Other comprehensive income:							
Will not be reclassified subsequently to profit and loss							
Retranslation reserve on disposal		**-**		**-**		**(854)**	**(854)**
Will be reclassified subsequently to profit and loss							
Exchange differences on translating foreign operations		**-**		**-**	**(216)**		**(216)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1,645)**	**(900)**	**(2,545)**	**(2,572)**	**(4,267)**	**(6,839)**
Basic and diluted loss per share – pence (continuing and discontinuing operations)	**9**			**(107)**			**(238)**
Basic and diluted loss per share – pence (continuing operations)				**(107)**			**(82)**
Basic and diluted loss per share – pence (discontinuing operations)				**-**			**(156)**

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
As at 31 December 2013

	Note	2013 £'000	2012 £'000
NON-CURRENT ASSETS			
Other intangible assets	10	1,196	1,213
Property, plant and equipment	11	269	302
		1,465	1,515
CURRENT ASSETS			
Inventories	12	641	369
Trade and other receivables		880	1,128
Cash and cash equivalents		3,311	6,275
		4,832	7,772
TOTAL ASSETS		6,297	9,287
CURRENT LIABILITIES			
Provisions	13	-	222
Trade and other payables		664	931
		664	1,153
TOTAL LIABILITIES		664	1,153
NET ASSETS		5,633	8,134
EQUITY			
Share capital	14	117	5,885
Share premium account	14	740	38,623
Capital redemption reserve	14	4	-
Share options reserve		797	966
Translation reserve		(85)	(85)
Retained profits/(losses)		4,060	(37,255)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND TOTAL EQUITY		5,633	8,134

The financial statements were approved by the Board on 26 March 2014.

Signed on behalf of the Board of Directors

Paul R Mines (Chief Executive)
26 March 2014

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
As at 31 December 2013

	Share capital £'000	Share premium account £'000	Capital Redemption Reserve £'000	Share options reserve £'000	Translation reserves £'000	Retained earnings £'000	Attributable to equity holders of the parent £'000	TOTAL EQUITY £'000
Balance at 1 January 2013	5,885	38,623	-	966	(85)	(37,255)	8,134	8,134
Share options charges in year	-	-	-	(169)	-	263	94	94
Issue of share capital	5,911	12	-	-	-	-	5,923	5,923
Cancellation of share capital	(11,679)	-	4	-	-	5,702	(5,973)	(5,973)
Cancellation of share premium account	-	(37,895)	-	-	-	37,895	-	-
Transactions with owners	(5,768)	(37,883)	4	(169)	-	43,860	44	44
Loss for the year	-	-	-	-	-	(2,545)	(2,545)	(2,545)
Total comprehensive income for the year	-	-	-	-	-	(2,545)	(2,545)	(2,545)
Balance 31 December 2012	117	740	4	797	(85)	4,060	5,633	5,633
Balance at 1 January 2012	5,885	38,623	-	862	985	(31,486)	14,869	14,869
Share options charges in year	-	-	-	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 year ended 31 December 2013

	2013 £'000	2012 £'000
Loss from operations – continuing operations	(2,588)	(2,051)
Adjustment for:		
Amortisation and impairment of intangible assets	266	420
Depreciation of property, plant and equipment	60	55
Share based payments	94	123
Foreign exchange	(24)	(21)
Operating cash flows before movement in working capital	(2,192)	(1,474)
Decrease/(increase) in inventories	(272)	362
Decrease in receivables	248	788
Decrease in payables	(489)	(475)
Cash utilised by operations – continuing operations	(2,705)	(799)
Cash (utilised)/generated by operations – discontinuing operations	-	(592)
Cash utilised by operations	(2,705)	(1,391)
Corporation tax (paid)/received	46	73
Interest paid	-	-
Net cash outflow from operating activities	(2,659)	(1,318)
Cash flows from investing activities		
Continuing operations		
Interest received	21	10
Investment in intangible assets	(249)	(265)
Purchase of property, plant and equipment	(27)	(6)
Net cash used in investing activities – continuing activities	(255)	(261)
Discontinuing operations		
Proceeds from disposal of joint venture – net of cash	-	4,991
Interest received	-	-
Purchase or property, plant and equipment	-	(23)
Net cash used in investing activities – discontinuing activities	-	4,968
Net cash used in investing activities	(255)	4,707
Financing activities		
Continuing activities		
Proceeds from issue of ordinary shares	37	-
Buyback of ordinary shares	(87)	-
Net cash used in financing activities – continuing activities	(50)	-
Discontinuing activities		
Proceeds from borrowings	-	597
Repayment of obligations under finance lease	-	(90)
Net cash inflow/(outflow) from financing activities	(50)	507
Net increase/(decrease) in cash and cash equivalents	(2,964)	3,896
Cash and cash equivalents at beginning of year	6,275	2,399
Effect of foreign exchange rate changes	-	(20)
Cash and cash equivalents at end of year	3,311	6,275

NOTES TO THE CONSOLIDATED FINANCAL STATEMENTS
For the year ended 31 December 2013

1. NON-STATUTORY FINANCIAL STATEMENTS

The financial information set out in this preliminary results announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2013 or 2012 but is derived from those financial statements. Statutory financial statements for 2012 have been delivered to the Registrar of Companies. Those for 2013 will be delivered following the Company's Annual General Meeting, which will be convened on 23 April 2014. The auditors have reported on those accounts: their reports on those financial statements were unqualified and did not contain statements under Section 498 of the Companies Act 2006.

The financial statements, and this preliminary statement, of the Group for the year ended 31 December 2013 were authorised for issue by the Board of Directors on 26 March 2013 and the balance sheet was signed on behalf of the Board by Paul R Mines.

2. BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

3. BASIS OF CONSOLIDATION

The Group financial statements consolidate the results of the Company and all of its subsidiary undertakings drawn up to 31 December 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 31 December 2013 the subsidiary undertakings were Biome Bioplastics Limited, Stanelco RF Technologies Limited, Aquasol Limited, and InGel Technologies Limited (dormant). On 1 October 2012 the Company disposed of its 50% holding in its joint venture headed by Biotec Holding GmbH.

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.

4. PROFIT OR LOSS FROM DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, that represents a separate major line of business or geographical area of operations and is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired entirely with a view to resale. Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the income statement.

5a. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2013

	Bioplastics 2013 £'000	RF Technologies 2013 £'000	Central Costs 2013 £'000	Exceptional Items 2013 £'000	Total 2013 £'000
Revenue from external customers	958	1,019	-	-	1,977
(LOSS)/PROFIT FROM OPERATIONS	(372)	(81)	(1,235)	(900)	(2,588)
Investment revenue					21
Foreign exchange loss					(24)
LOSS BEFORE TAXATION					(2,591)
TOTAL ASSETS	1,844	1,030	3,423	-	6,297

5b. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2012

	Bioplastics 2012 £'000	RF Technologies 2012 £'000	Central Costs 2012 £'000	Total 2012 £'000
Revenue from external customers	3,387	2,265	-	5,652
(LOSS)/PROFIT FROM OPERATIONS	(977)	411	(1,485)	(2,051)
Investment revenue				10
Foreign exchange loss				(23)
LOSS BEFORE TAXATION				(2,064)
TOTAL ASSETS	2,188	1,491	5,608	9,287

The Bioplastics division comprises of Biome Bioplastics Limited and Aquasol Limited.

6. EXCEPTIONAL ITEMS

	2013 £'000	2012 £'000
Property lease surrender		
Lease surrender fee	895	-
Reversal of property provision	(222)	-
Prepaid rental, service charges and insurance at lease surrender	30	-
Bad debt provision and costs for sub-tennant	37	-
Transaction costs	35	-
	775	-
Share consolidation and capital reduction		
Transaction costs	125	-
	900	-

During the year the company entered into a settlement agreement with the landlord whereby the company paid £895,000 to the landlord to settle all on-going liabilities and dilapidations in relation to two surplus industrial units that were on long term lease until December 2021. The company also incurred extra costs in cancelling the lease with a non-performing sub-tennant in order to return the units with vacant possession.

During the year the company also consolidated its 5,897,880,000 ordinary shares of £0.001 into 2,427,732 ordinary shares of £0.05 and completed a court approved capital reduction to cancel the share premium account.

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 now been settled. A tax credit has, therefore, been recognised in the Group's financial statements in respect of that claim.

8. DISCONTINUED OPERATIONS AND EXCEPTIONAL ITEMS

	2013 £'000	2012 £'000
Revenue	-	5,359
Cost of sales	-	(4,428)
Gross profit	-	931
Administrative expenses	-	(1,026)
(Loss)/Profit from discontinued operations	-	(95)
Investment income	-	2
Finance charges	-	(8)
Foreign exchange loss	-	(263)
Operating loss before exceptional loss on disposal	-	(364)
Exceptional items:		
Loss on carrying value of Biotec	-	(3,785)
Transaction costs	-	(112)
Foreign exchange transaction gain	-	854
Write down of inventories	-	(168)
Bad debt provision	-	(52)
Impairment of intangible assets	-	(149)
(Loss)/Profit before taxation from discontinued operations	-	(3,776)
Taxation	-	(2)
(Loss)/Profit after taxation from discontinued operations	-	(3,778)

9. EARNINGS PER SHARE

During the year the company completed a share consolidation converting its 5,897,880,000 ordinary shares of £0.001 into 2,427,732 ordinary shares of £0.05. To enable a like-for-like comparison the average shares used for the 2012 comparative have been restated as though the share consolidation had been completed on 1 January 2012. The calculation of earnings per share is based on the loss attributable to the equity holders of the parent for the year of £2,545,000 (2012: loss of £5,769,000) and a weighted average of 2,385,813 (restated 2012: 2,422,375) ordinary shares.

10. OTHER INTANGIBLE ASSETS

During the year there was a capitalisation of £249,000 of product development costs (2012: £265,000). The amortisation charge for the year was £266,000 (2012: £245,000).

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of £27,000 was acquired in the year (2012: £6,000). The depreciation charge for the year was £60,000 (2012: £55,000).

12. INVENTORIES

Inventories increased in the year within the Bioplastics division as volumes increased for the supply of resin to the single use coffee capsule market in the US.

13. PROVISIONS

On 23 May 2013 the company entered into a settlement agreement with the landlord whereby the company paid £895,000 to the landlord to settle all on-going liabilities and dilapidations in relation to the two surplus industrial units that were on long term lease until December 2021. The costs associated with this settlement agreement and the release of this provision went to exceptional items within administrative expenses.

14. SHARE CONSOLIDATION AND CAPITAL REDUCTION

On 16 July 2013 the company consolidated its 5,897,880,000 ordinary shares of £0.001 into 2,427,732 ordinary shares of £0.05 and 2,427,732 deferred shares of £2.379. On 18 July 2013 the deferred shares were redeemed for £1 in their entirety and cancelled.

As part of the share consolidation the company completed a court approved capital reduction on 25 July 2013 to cancel the share premium account of the company (£37,895,000) and credit this to the profit and loss reserve. In addition, on the 25 July 2013, 87,938 ordinary shares of £0.05 were bought back and cancelled.