biome technologies plc

Annual Report and Financial Statements

for the year ended 31 December 2014

“Our specialist bioplastic and radio frequency products are gaining traction in a number of new markets. This is an exciting time of change and growth for the business.”

Paul Mines, CEO, Biome Technologies plc

Officers and advisers

Executive Directors

Paul R Mines	Chief Executive
Declan L Brown*	Group Finance Director

Non-Executive Directors

Michael A Kayser	Senior Independent Director
John F Standen	Chairman

Company Secretary

Donna R Simpson-Strange

Registered Office

Starpol Technology Centre
North Road
Marchwood
Southampton
Hampshire SO40 4BL

Registrars

Neville Registrars
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

Company Registration No

1873702 (England and Wales)

Nominated Adviser** **and Broker**

Allenby Capital Ltd
3 St Helen's Place
London
EC3A 6AB

Auditors

Grant Thornton UK LLP
No 1 Dorset Street
Southampton
Hampshire SO15 2DP

Solicitors

Osborne Clarke
One London Wall
London EC2Y 5EB

Bankers

Royal Bank of Scotland plc
Conqueror House
Vision Park, Histon
Cambridge CB24 9NL

Investor Relations

FTI Consulting
200 Aldersgate
Aldersgate Street
London EC1A 4HD

*Appointed 23 April 2014
**Appointed 11 December 2014

Contents

Chairman's statement

Our results for 2014 show significant improvement from the previous year with revenue growth of 80% coming from both new and existing product areas. The operating loss, before exceptional items, was reduced to £1.32m (2013: loss before exceptional items £1.69m).

The Biome Bioplastics division's strategy of focusing on a select number of technically demanding product and application areas is progressing well. Revenue growth of over 50% was achieved in the full year, despite significant disruption to one of the main supply chains in the second half. Further technical development activity, directed at expanding the product range, is expected to generate substantial revenue growth from a broader customer base in future periods.

The Stanelco RF Technologies division moved back into profitability and more than doubled its revenues in comparison with 2013, with a consequent positive effect on cash generation. The product portfolio continues to expand and resulted in substantial orders for new products from the optical fibre furnace market and a significant contract for advanced analytical equipment in a regulated industry.

RESULTS

Group revenues were £3.57m (2013: £1.98m), reflecting the increased revenue in both of the Group's divisions. It is encouraging to note that margins increased to 42% during the year (2013: 39%). The resultant operating loss was reduced to £1.32m (2013: loss of £1.69m, excluding exceptional items). The loss after taxation was £1.27m (2013: loss of £2.55m, which included the exceptional loss on the lease settlement, share consolidation and capital reduction). The loss per share in 2014 was 54 pence (2013: loss per share of 107 pence, including the exceptional items).

Biome Bioplastics' revenues increased to £1.45m (2013: £0.96m) as it continued its focus on sales of high performance, higher margin products. Sales in the second half of 2014 were impacted substantially by short term technical issues experienced by the division's end customers in the single-serve US coffee market. These issues now appear to be resolved with order levels to date at comparable levels to the first quarter of 2014. The operating loss for the division was reduced to £0.34m (2013: operating loss of £0.37m).

Within the Stanelco RF Technologies division, revenues more than doubled to £2.12m (2013: £1.02m) as the product range was increased and customers in the optic fibre market began to invest in new capacity. The resulting operating profit increased to £0.29m (2013: operating loss of £0.08m).

CASH

The Group's cash resources continued to be managed prudently throughout the year, with the cash position at 31 December 2014 being £2.39m (31 December 2013: £3.31m). Over the year, the cash utilised by operations was £0.61m (2013: £1.58m excluding exceptional items), which included a decrease of £0.21m in working capital. Investment in the year in new property, plant and equipment was £0.06m (2013: £0.03m) and £0.30m in product development (2013: £0.25m).

STRATEGY

The Group's strategy is to build a leading position in its chosen markets based on proprietary IP-protected technology. It has chosen to do this by developing products in application areas where value-added pricing can be justified. These products are driven by customer requirements rather than being technology-led.

Within the Chairman's Statement of the 2013 Annual Report, I highlighted the three high level Key Performance Indicators (KPIs) that the Board had adopted for the business trajectory through to 2016. These are repeated below:

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

Having reviewed our progress against these indicators, I am pleased to report that we remain on track to meet them. Revenue growth of over 50% was achieved by both of the Group's divisions in 2014 and was 80% higher across the Group on a consolidated basis compared to 2013. 2014 was a busy year for developing new products and diversifying the product range. To that end 17% of the 2014 revenues were from new products, demonstrating good progress towards the 50% target by 2016. It remains the Board's KPI to pass the "earnings positive" inflection point in quarterly trading during 2015.

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

BIOME BIOPLASTICS

This year our focus has continued to be on further developing and commercialising the division's product range. An encouraging start to 2014 saw half year revenues exceeding those for the entire year of 2013. However, the second half of the year saw a fall back in revenues in the single-serve coffee market in the US as a number of customers reduced demand as a result of technical issues relating to brewing machine technology in their marketplace. These technical issues have, we believe, been resolved and order levels for the first quarter of 2015 are at a comparable level to those received in the first quarter of 2014.

There has been additional development work in the year in order to expand the division's product offering in the single serve coffee market and prospects for significant revenues for 2015/16 are encouraging. In addition, customer trials on the division's innovative high temperature material for food service applications continue to be promising. It is these products that will assist the Group in achieving the revenue growth targets mentioned above.

The division's mid-term research activities are directed at the development of bio-based materials through the use of synthetic biology. This activity is aimed at developing a new generation of lignocellulose-derived bioplastics that can be made at comparable cost to traditional petro-chemicals. Following a successful feasibility study completed in 2014, the division has embarked on a three year project to drive this technology towards commercialisation. The overall project, comprising a number of strategic collaborations, will cost £3.02m of which £2.69m is being funded by Innovate UK (formerly called the Technology Strategy Board) and other UK and European public funding bodies. Our overall development activities within the Bioplastics division are highly complementary to this project and consequently our resource contribution of £0.33m will be supported by our team of experienced technical and commercial staff.

STANELCO RF TECHNOLOGY

The Stanelco RF Technologies division had a year of continued progress with revenues more than double those achieved in 2013. Further encouragement can be taken from the fact that the revenue growth was not just achieved in the cyclical optic fibre furnace market but across the diversified product range.

The division was also awarded a significant contract in March 2014 for the provision of advanced analytical equipment to a customer operating within a regulated industry in the UK. The Durapipe contract for the piping sector continues to make progress with ten pre-production units completed at the end of the year.

INCENTIVE SCHEMES

A new EMI Share Option Plan was set up in 2014 to incentivise senior management in line with increasing shareholder returns. The share options have an initial vesting date of 6 October 2016 and a second on 6 October 2017. The vesting conditions mean that no share options vest unless a share price of 320p per share is achieved on either of these dates.

BOARD CHANGES

We welcomed back Declan Brown as Group Finance Director in April 2014. His skills are valued as we move further into progressing our KPIs.

OUTLOOK

Trading to date in 2015 in both divisions is in line with the Board's expectations and cash continues to be managed prudently. The business development activities that will allow us to reach or exceed our strategic KPIs appear viable to us at this stage of the year, although the outcome remains subject to further testing and timely product launches by our customers.

The Board believes that the Group's business is developing strongly and we are confident of the prospects for the remainder of the year.

John Standen
Chairman

24 March 2015

Strategic Report

2014 was an encouraging year with substantial progress made in both divisions.

In Biome Bioplastics, a very encouraging first half of the year saw revenues exceeding those achieved for the whole of 2013. The second half of the year was impacted by technical challenges in the single serve US coffee market. It is believed that these technical challenges, relating to the compatibility of coffee pods in industry standard machines, have now been overcome. The Group anticipates that demand for this division's products will return to a more regular offtake pattern.

In Stanelco RF Technologies, the focus was on diversifying the product range away from the reliance on the optic furnace market and included the award of a contract to supply advanced analytical equipment for a customer operating within regulated industry in the UK.

The divisional sections below outline the strategies that will be adopted for 2015 and 2016 to meet the Group's objectives.

BIOME BIOPLASTICS DIVISION

Revenues in the Bioplastics division increased to £1.45m (2013: £0.96m).

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 scale, functionality and input costs and will not be resolved in the short term. Adoption of today's bioplastics is therefore reliant on either legislative drivers or a willingness from the end-user to pay a premium for either functional or "green" attributes.

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

It is in these areas that Biome Bioplastics has continued to focus its research and development activities on over the last few years. As a result, the division has developed a number of technically leading products that are either in use or undergoing trials with various customers.

TECHNICAL DEVELOPMENT

Biome Bioplastic'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 2014, the development team has focused on supporting trials with existing and new customers where a biodegradable alternative is actively sought by the end customer and the market dynamics support the premium in cost associated with providing this attribute.

During the period, significant development work was undertaken to produce a biodegradable non-woven mesh for uses including filtration and absorption which is now undergoing early stage trials with end customers. This included work with contract manufacturing providers in both Europe and the US. In addition, further enhancement work was undertaken on materials for use in multi-layer laminate structures to preserve freshness in food and drink applications.

A product suitable for use in the emerging market for 3D printing was launched in the year with encouraging reviews from the industry. This product area provides the benefit of sales in its own right as well as increasing familiarisation of Biome's materials with designers and prototype makers.

The division is undertaking medium-term research activity into the microbial transformation of lignocellulose into pre-cursors for bioplastics using microbial and enzymatic routes. With promising results from the initial work, this research programme has been expanded to study both the technical and economic hurdles to achieve bio-based polymers at comparable prices to oil based materials. Further work is now underway with the universities of Warwick, Leeds and Liverpool alongside other partners. Scale-up activity is envisaged in due course at the Centre for Process Innovation that is also supporting the project. This work will be supported by a framework of grants totalling £2.7m from European and UK funding bodies.

Investment by Biome Bioplastics in product development for the year was £0.26m (2013: £0.21m).

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.

The division's core offering remains the supply of fibre optic furnaces, but the business has diversified the product range in recent years, increasing the potential customer base. Total revenues in 2014 of £2.12m were more than double those in the comparable period (2013: £1.02m). This increase is due to some stabilisation in the supply/demand balance in the optic fibre furnace market, as well as increased welder sales. In addition, RF Technologies was awarded a contract from a customer operating within a UK regulated sector for advanced analytic equipment. This contract is expected to generate revenues of £1.5m over two years. The operating profit for the period was £0.29m (2013: loss of £0.08m).

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 throughout 2013 with customers holding back on making capital investments in new furnaces. To combat this impact, the Stanelco RF team has developed a range of new products, and upgrade kits, which considerably reduce the energy cost associated with running these machines to attract replacement sales (in addition to those for new capacity). During the course of 2014, the division received orders for two new low energy furnaces as well as various upgrade kits.

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. In addition, the division is the UK sales and service agent for Forsstrom High Frequency AB which extends Stanelco's product offering into larger plastic welding equipment.

INDUCTION HEATING EQUIPMENT

In 2014, work in this area centred on the continued development of the Durapipe project as well as the initial design work on the large contract for advanced analytic equipment mentioned above. Stanelco RF Technologies was contracted by Durapipe UK to develop an innovative new portable welding system. Following the successful pre-market testing of the prototypes, ten pre-production units were built and supplied to Durapipe in the fourth quarter of the year. It is expected that, following extended field trials of the pre-production units, commercial scale orders will be placed.

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, were £2.81m (2013: £2.47m), an increase of £0.34m on the prior year. This increase is primarily due to three factors; an increase in both permanent and temporary staff within the RF Technologies division to support the diversified activities; provisions taken on stock within both divisions; and an increased share option charge due to the cancellation of the public equity plan ("PEP") scheme. Under accounting rules the cancellation of the PEP scheme also results in an increase in the profit and loss reserve.

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 factors.

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 relevant developments 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 its staff is 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 through continual development of products that meet 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 customers was to significantly reduce its orders, this could have a significant impact on the Group's results.

The Group is constantly adding to its customer base and, as its revenues grow, is 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 will be summarised in Note 22 to the Group's full financial statements for the year ended 31 December 2014.

SUPPLIERS AND 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 key performance indicators (KPIs) which the Board uses to assess the performance of the Group, are detailed in the Chairman's Statement.

The summary results for the Group are shown below.

	2014 £'m	2013 £'m	Growth
LIKE-FOR-LIKE COMPARISONS			
Revenues			
Biome Bioplastics	1.45	0.96	51%
RF Technologies	2.12	1.02	108%
Total Revenues	**3.57**	**1.98**	**80%**
Loss from operations - Pre exceptional items			
Biome Bioplastics	(0.33)	(0.37)	11%
RF Technologies	0.29	(0.08)	363%
Central Costs	(1.28)	(1.24)	(3)%
Loss from operations - Pre exceptional items	**(1.32)**	**(1.69)**	**22%**
Non-current assets	1.48	1.47	
Inventories	1.01	0.64	
Trade and other receivables	0.87	0.88	
Cash	2.39	3.31	
Trade and other payables	(1.23)	(0.66)	
Net assets	**4.52**	**5.64**	

REVENUES

Group revenues increased in the year from £1.98m to £3.57m with substantial increases in both the Biome Bioplastics and RF Technologies divisions.

In Biome Bioplastics, revenues increased by 51% which is mainly the result of increased volumes being sold for use in the US single-serve coffee market.

In Stanelco RF Technologies, revenues increased by 108% in 2014 as a result of increased activity across the product range, including fibre optic furnaces, as well as the positive impact from the contract to supply advanced analytical equipment to a UK regulated industry sector.

OPERATING PROFITS/(LOSSES)

The Group's loss from operations (excluding exceptional items and discontinued activities) reduced to £1.32m compared to £1.69m on a like-for-like basis in the prior year.

Administrative costs across the Group, excluding exceptional items, in 2014 were £2.81m (2013: £2.47m). When the non cash effects of depreciation, amortisation and share option charges are removed, the recurring administrative expenses in 2014 were £2.31m (2013: £2.05m). This is mainly a result of increased staffing levels, both permanent and temporary, within the RF division due to increased activity levels, as well as a provision taken against slow moving stock, and increased research and development within the Bioplastics division. As in 2013, the directors have waived their bonus entitlements for 2014.

Product development costs of £0.30m (2013: £0.25m) were capitalised in the year. Tax R&D claims resulted in a tax credit received in the year of £0.03m (2013: credit of £0.05m).

The Group's loss after tax and exceptional items for the year was £1.27m (2013: loss after tax and exceptional items of £2.55m), giving a loss per share of 54p (2013: loss per share of 107p).

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 2014, there was £1.22m of capitalised development costs (2013: £1.20m) within the Group's balance sheet, of which £0.8m 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.

CASHFLOW

	2014 £'m	2013 £'m
CASHFLOW		
Loss from continuing operations	(1.32)	(2.59)
Adjustment for non-cash items	0.51	0.40
Movement in working capital	0.21	(0.51)
Cash utilised by continuing operations	**(0.60)**	**(2.70)**
Investment activities	(0.32)	(0.26)
Net increase/(decrease) in cash	**(0.92)**	**(2.96)**
Opening cash balance	3.31	6.27
Closing cash balance	**2.39**	**3.31**

The cash utilised from operations, before working capital movements and exceptional items, was £0.81m (2013: £1.29m), reflecting the reduced loss from operations during 2014 compared to the prior period. Working capital decreases of £0.21m partially offset this cash outflow. This positive working capital movement occurred mainly due to: the timing of customer deposits; and increases in trade creditors on capital equipment builds within the RF division, which itself was partially offset by the increase in inventories on the RF capital build. As a result, the cash utilised by operations during 2014 was £0.60m (2013: £2.70m).

Investment in the year in new property, plant and equipment was £0.06m (2013: £0.03m) and £0.30m in product development (2013: £0.25m).

The closing cash position was £2.39m (2013: £3.31m).

GOING CONCERN

The Directors have reviewed forecasts and budgets for the 12 months from the date on which the accounts have been approved, 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.

Paul Mines
Chief Executive Officer

24 March 2015

Directors' report

The directors present their Annual Report and the audited Financial Statements of Biome Technologies plc for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Group's operations are focussed in two distinct areas; Bioplastics and Radio Frequency. The Bioplastics division produces a biodegradeable and sustainable range of products. Such products are capable of replacing conventional oil-based plastics and have diverse applications including flexible films, moulded products, extruded sheets and food wraps. The Radio Frequency (RF) division has worldwide renown in the design and installation of specialist RF furnaces, welders and induction equipment.

The subsidiary undertakings affecting the profits or net assets of the Group in the year are listed in Note 9 to the financial statements.

RESULTS AND DIVIDENDS

The financial results of the Group are set out in the consolidated statement of comprehensive income on page 39.
The directors do not recommend payment of a dividend (2013: nil per share).

KEY CONTRACTUAL ARRANGEMENTS

There are no contractual arrangements which are considered essential to the business of the Group.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

A review is contained within the strategic report on page 6.

RESEARCH AND DEVELOPMENT

The continuous advancement of technology and processes by the Group means costs are incurred each year in research and development. For the year under review these costs amounted to £390,000 (2013: £290,000), of which £297,000 (2013: £249,000) was capitalised.

ENVIRONMENT

The Group is committed to the care of the environment, the prevention of pollution and the maintenance of environmental controls as they relate to the business. The Group ensures that all its activities are carried out in line with the applicable environmental legislation. An essential feature of environmental management is a commitment to improving environmental performance and reducing the environmental impacts of travelling, waste generation and disposal.

EMPLOYEES

One of the Group's key assets is the technical know-how which is embedded in its employees. People are the key driver of the Group's success through their technical and management capabilities. It is, therefore, essential that the Group attracts the best people and retains and develops those who are already working for it. The Group consequently tries to provide attractive, competitive remuneration structures and give on-going training to develop its skill base.

The Group's policy is that, where it is reasonable and practicable within existing legislation, all employees, are treated in the same way in matters relating to their employment, training and career development.

SOCIAL RESPONSIBILITY

The Board recognises that acting in a socially responsible way benefits the community, our customers, shareholders, the environment and employees alike. The Group's focus on the development of bioplastics is entirely in keeping with this philosophy.

GOING CONCERN

The Group had cash resources of £2.4m at 31 December 2014. The cash utilised by continuing operations in the year, before working capital movements, was £0.8m.

The directors have reviewed forecasts and budgets for the period of 12 months post the approval of the accounts, 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.

SUBSTANTIAL SHAREHOLDING

The Company has been notified that the following shareholders held a beneficial interest of 3 per cent or more of the Company's issued share capital as at 31 January 2015.

	Ordinary shares of 5p each	
	Percentage	**Number**
VA Pereira	20.06	470,857
JM Rushton-Turner	12.27	288,050
Hargreave Hale	4.83	113,431

SHARE CAPITAL AND CONTROL

The share capital of the Company, issued and unissued, consists entirely of one class of ordinary shares of 5p each. Each share ranks equally and carries the same rights to vote and receive dividends. No restrictions exist on the transfer or holding of the shares. Full details of the rights and obligations attaching to the Company's shares, in addition to those conferred by their holders by law, are set out in the Company's Articles of Association, a copy of which can be obtained by writing to the Company Secretary.

At the AGM held on 23 April 2014, the directors were authorised to allot equity securities for cash up to a maximum of ten per cent of the issued share capital. The directors intend to renew their authority at the next AGM when this authority will expire. At the present time the directors have no plans to exercise this authority.

At the last AGM the directors were given the power to purchase equity securities up to a maximum of ten per cent of the issued share capital. The power expires at the end of the next AGM and the directors intend to renew this authority. Purchases of shares by the Company will only be undertaken where they are in the best interests of the Company and its shareholders. Shares repurchased in accordance with the authority will either be cancelled or held to help the Company meet its existing share option plans.

At the last AGM the directors were given the power to allot relevant securities up to a maximum of approximately one third of the issued share capital. The directors intend to renew this authority at the next AGM when this power expires. The directors were also given the authority to allot further relevant securities up to a maximum of approximately one third of the issued share capital. This additional authority may only be applied to fully pre-emptive rights issues. The directors intend to renew this authority at the next AGM when this power expires.

The Company offers a number of share plans for its employees. The rights attached to ordinary shares which are the subject of awards within any of the Company's share plans are not available until any share award or option is exercised and the shares are allotted or transferred to that awardee.

Changes to the Articles of Association must be approved by Special Resolution of the Company.

The directors do not believe there are any significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a successful takeover bid.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment that occurs because of a successful takeover bid.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year and their beneficial interests in the shares of the Company were as follows:

	Ordinary shares of £0.05 each 31 December 2014	Ordinary shares of £0.05 each 31 December 2013
Michael A Kayser (Senior Independent Non-Executive Director)	**4,071**	4,071
John F Standen (Chairman)	**48,836**	48,836
Paul R Mines (Chief Executive)	**20,642**	20,642
Declan L Brown (Group Finance Director)	**708**	708

Share options granted to directors are set out in the Directors' Remuneration Report on pages 23 to 26. Except as disclosed in that report, there were no other transactions between directors and the Company or its subsidiaries.

In accordance with the Articles of Association the appointment of new directors must be ratified by the shareholders at the AGM following their appointment. In addition, one third of the directors of the Company must retire by rotation and seek re-election by the shareholders at each AGM. Every director should seek re-election by shareholders at least every three years.

Accordingly, Declan L Brown, having been appointed as a director since the last AGM stands for election at the forthcoming AGM and John F Standen retires by rotation and offers himself for re-election.

BOARD OF DIRECTORS

Further to the changes noted above the Board of Directors comprises:

John F Standen, Age 66, Non Executive Chairman
John spent the majority of his career in corporate finance and was Chief Executive of Corporate Finance for BZW from 1993 to 1995. He retired from Barclays plc in 1998 and has since been a non-executive Chairman or Director of a number of quoted companies. He is currently Chairman of Lavendon Group plc.

Michael A Kayser, Age 59, Senior Independent Non Executive Director
Michael has extensive experience in both the chemicals sector and in senior management positions. This experience includes being Group Finance Director at Laporte plc for five years and Finance Director of Guinness Brewing Worldwide. He is currently Non-Executive Director of Transport Systems Catapult Ltd and Chairman of their audit committee and also a Non-Executive Director of Africa Practice Ltd.

Paul R Mines, Age 51, Chief Executive Officer
For the eight years to 2006, Paul was CEO of Betts Group Holdings Ltd having led a management buy-out of the company from Courtaulds plc. An engineer with an MBA from London Business School, Paul spent his earlier career at Courtaulds plc and ICI plc. He was recently Non-Executive Chairman of CEL-F Solar Systems Limited and is a Director of Windmine Limited.

Declan L Brown, Age 41, Group Finance Director
Declan was reappointed Group Finance Director on 23 April 2014 after serving in the same position from 1 November 2011 to 30 November 2012. Prior to this he was Chief Financial Officer for V Ships Capital, part of V Group, the world's largest shipping services provider. Prior to this he worked at Philip Morris Limited, Sappi Fine Paper plc and KPMG, with whom he qualified as a chartered accountant.

CORPORATE GOVERNANCE

The corporate governance report on pages 18 to 22 forms part of the Directors' report.

AUDITORS

Grant Thornton UK LLP have expressed their willingness to continue in office. In accordance with Section 489(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors of the Company will be proposed at the forthcoming AGM.

By Order of the Board

Donna R Simpson-Strange
Company Secretary

24 March 2015

Corporate governance report

The Group is committed to business integrity, high ethical values and professionalism in all its activities. As an essential part of this commitment the Group supports the highest standards in corporate governance. The Board is accountable to the company's shareholders for good governance and this statement and the Directors' remuneration report describe how the principles of good governance set out in the UK Corporate Goverance Code, published by the Financial Reporting Council are applied within the company. We do not comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the company and best practice.

The Corporate governance report forms part of the Directors' report on pages 14 to 17.

THE BOARD

Since 23 April 2014, the Board comprised the non-executive chairman, one other non-executive director, and two executive directors.

The non-executive directors are considered by the board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement.

The division of responsibilities between the non-executive chairman and chief executive is clearly established and is understood by the board. The non-executive chairman is responsible for the overall strategy of the Group with the chief executive officer being responsible for implementing the strategy and for the day to day running of the Group.

The senior independent director is Michael A Kayser and he is the director whom shareholders may contact if they feel their concerns are not being addressed through the normal channels. The non-executive directors meet at least once a year without the executive directors present.

The individual committee responsibilities of the directors are as follows:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
J F Standen (Non-Executive Chairman)	Chairman	Member	Member	Chairman
M A Kayser (Senior Independent Non-Executive Director)	Member	Chairman	Chairman	Member
P R Mines (Chief Executive)	Member	*	*	*
D L Brown (Group Finance Director)	Member	*	*	*

All directors are subject to election at the AGM immediately following their appointment and to re-election every three years.

The chairman and senior non-executive director provide a wide range of skills and experience to the Group. They bring an independent judgement on issues of strategy, performance, risk and people through their contribution at board and committee meetings. After careful consideration, the Board has concluded that JF Standen was independent throughout the year, and that MA Kayser was independent throughout the year. In arriving at this conclusion the Board has applied the criteria set out in provision in B.1.1 of the UK Corporate Governance Code. JF Standen's shareholding and participation in the EMI Share Option Plan and MA Kayser's shareholdings in the Company are considered to be too small to affect their independence.

BOARD PROCEDURES

The Board met formally on 10 occasions during the year and individual attendance at those and the Board Committee meetings is set out in the table below. All Board members are supplied with information in a form and of a quality appropriate to enable them to discharge their duties. Board and committee papers are sent out as appropriate before meetings take place.

There is an agreed Schedule of Matters reserved for the Board for collective decision including:

- determining the strategy and control of the Group;
- amendments to the structure and capital of the Group;
- approval of financial reporting and internal controls;
- approval of capital and revenue expenditure of a significant size;
- acquisitions and disposals; and
- corporate governance matters and approval of Group policies and risk management strategies.

To enable the Board to perform its duties effectively all directors have full access to all relevant information and to the services of the Company Secretary whose responsibility it is for ensuring that Board procedures are followed. The appointment and removal of the Company Secretary is a matter reserved for the Board.

There is an agreed procedure whereby directors wishing to take independent legal advice in the furtherance of their duties may do so at the company's expense. Appropriate training is available to all directors on appointment and on an ongoing basis as required.

The terms of reference for each of the Board Committees are available on request from the Company Secretary.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The following table shows the attendance of directors at meetings of the Board and of the Audit, Remuneration and Nomination Committees of the board during the year to 31 December 2014.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
J F Standen	10	3	1	1
MA Kayser	10	3	1	1
P R Mines	10	*	*	*
D L Brown	6	*	*	*
Number of meetings in the year	10	3	1	1

Where an asterisk appears in the table the director listed is not a member of the committee.

BOARD EFFECTIVENESS

During the year an appraisal of the board, each Board Committee, and the performance of the individual directors was carried out. The appraisal of the board and the committees was undertaken using written and verbal analysis and a summary of the responses was reviewed by the Chairman prior to the submission of the results to the whole board.

RELATIONS WITH SHAREHOLDERS

The company recognises the importance of communicating with its shareholders, including its employee shareholders, to ensure that its strategy and performance are understood. This is achieved principally through the Interim Report, the Annual Report and the AGM. In addition, a range of corporate information is available to investors on the company's website.

The Chairman, Chief Executive and the Finance Director are primarily responsible for investor relations. Feedback from major shareholders is reported to the board and discussed at its meetings. Formal presentations are made to institutional shareholders following the announcement of the company's full year and interim results. The board recognises that the AGM is the principal forum for dialogue with private shareholders. All directors normally attend the AGM and are available to answer any questions that shareholders may wish to raise.

The Notice of Meeting is sent to shareholders at least 21 days before the meeting. Shareholders vote on a show of hands, unless a poll is validly called and after each such vote the number of proxy votes received for and against the resolution is announced.

THE REMUNERATION COMMITTEE

The Remuneration Committee operates under written terms of reference and is comprised of the chairman and the independent non-executive director. Details can be found in the Directors' Remuneration Report on pages 23 to 26.

NOMINATION COMMITTEE

The Nomination Committee operates under written terms of reference. Its principal duty is the nomination of suitable candidates for the approval of the board to fill executive and non-executive vacancies on the board. The Nomination Committee comprises the non-executive chairman and the independent non-executive director. The meetings of the committee are chaired by the chairman. The committee's responsibilities include:

- regularly reviewing the structure, size and composition including the skills, knowledge and experience required of the board compared to its current position and make recommendations to the board with regard to any changes;
- giving full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company and what skills and expertise are therefore needed on the board in the future;
- being responsible for identifying and nominating for the approval of the board candidates to fill board vacancies as and when they arise;
- before making an appointment, evaluating the balance of skills, knowledge and experience on the board and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;
- keeping up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it depends;
- reviewing annually the time required for non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- ensuring that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
- keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- advising the board on succession planning for executive board appointments; and
- considering any other matters the board may request.

Following the appointment of a new director, the chief executive in conjunction with the Company Secretary, is responsible for ensuring that a full, formal and tailored induction to the company and to their function within the company is given.

AUDIT COMMITTEE

The Audit Committee operates under written terms of reference, which were reviewed during the year, meets at least twice a year and is comprised of both non-executive directors. Michael A Kayser, senior independent non-executive director, chairs the committee. The committee, taken as a whole, is considered to have significant recent and relevant financial experience. The Chief Executive normally attends meetings by invitation and the committee also meets with the external auditors without management present.

The external auditors attended all of the meetings (in part where appropriate) and have direct access to the committee chairman. The Company Secretary acts as secretary to the committee. The chairman of the committee attends the AGM to respond to any shareholder questions that might be raised on the committee's activities.

The committee's responsibilities include:

- reviewing the effectiveness of the Group's financial reporting and internal control procedures for the identification, assessment and reporting of risks;
- reviewing with the external auditors the nature and scope of their planned work;
- reviewing the half year and annual financial statements before submission to the board, focusing particularly on:
  - any changes in accounting policies and practices
  - major judgemental areas
  - significant adjustments resulting from the audit
  - the going concern assumption
  - compliance with accounting standards
  - compliance with applicable stock exchange and legal requirements.
- discussing any problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of the executive directors and other management, where necessary);
- reviewing the cost-effectiveness, independence and objectivity of the external auditors;
- considering the major findings of internal investigations and management's response; and
- considering any other matters the board may request.

The committee has the power to engage outside advisers if it considers it to be necessary.

The committee met three times during the year and its agenda is linked to events in the company's financial calendar. The agenda is mostly cyclical such that the committee chairman approves the agenda on behalf of all members.

The committee also liaises with the external auditors on the continuity and rotation of key partners from the external auditors in accordance with the Ethical Standards of the ICAEW.

The Group policy on the provision by the external auditors of audit and non-audit services, which is based on the principle that the external auditors should only undertake non-audit services where they are the most appropriate provider, categorises such services between:

- auditor permitted services – those services which are acceptable for the auditors to provide and the provision of which can be engaged without referral to the Audit Committee (e.g. regulatory and other specialist financial reporting)
- auditor excluded services – those engagements that the Audit Committee and the board do not consider appropriate for the auditors to undertake (e.g. provision of outsourced financial or operational management functions)
- auditor authorised services – those services for which it is appropriate to consider the use of the external auditors and for which the specific approval of the Audit Committee is required before the auditors are permitted to provide the service (e.g. transaction support and advisory work, such as due diligence).

The policy defines the types of services falling under each category and sets out the criteria to be met and the internal approvals required prior to the commencement of any assignment. The Audit Committee reviews an analysis of all services provided by the external auditors. The policy is reviewed annually by the Audit Committee and approved by the board.

The disclosure of the fees payable to Grant Thornton UK LLP during the year are set out in Note 3 to the financial statements. The external auditors and committee chairman have regular dialogue concerning matters of independence and a report is made formally to the committee on this matter at least once a year. The Audit Committee is satisfied with the level of fees, independence, objectivity and effectiveness of Grant Thornton UK LLP. Accordingly a resolution for the re-appointment of Grant Thornton UK LLP as auditors of the company will be proposed at the forthcoming AGM.

The Group does not have a dedicated internal audit function. The board annually reviews the need for such a function and has done so during the year. During the year, there were no adverse trends evident from the monitoring of internal controls or unexpected or unacceptable results of a material nature and this has led the board to conclude that at present a dedicated internal audit function is not necessary. The board will continue to keep this matter under review.

RISK MANAGEMENT AND INTERNAL CONTROL

The board is responsible for the Group's system of internal control and for reviewing its effectiveness. It is the role of management to implement the board's policies on risk and control through the design and operation of appropriate internal control systems. For the whole of the year under review and up to the date of approval of the Annual Report and Financial Statements, the board has had formal procedures in place to ensure that it is in a position to consider all the significant aspects of internal control and has worked closely with the external auditors in assessing and ensuring their effectiveness.

The board has conducted its annual review of the effectiveness of the Group's system of internal control.

This review has covered all controls including operational, compliance and risk management procedures, as well as legislative and financial. The process is summarised as follows:

- Operating management is charged with the ongoing responsibility for identifying risks facing each of the operating units and for putting in place procedures to mitigate, manage and monitor risks, including anti-bribery procedures;
- Operating units review all business risks and set out the significant risks to the operations, the controls in place and additional controls which could be implemented;
- The risk and control identification and management process is monitored and periodically reviewed by Group executive management;
- The key elements of the controls framework within which the Group operates are:
  - an organisational structure with clearly defined lines of responsibility, delegation of authority and reporting requirements;
  - an embedded culture of openness of communication between operating company management and the Group executive management on matters relating to risk and control;
  - operating reviews covering all aspects of each business are conducted by Group executive management each month;
  - a comprehensive system of financial reporting. An annual budget for each operating company is prepared in detail and approved by the board. Monthly actual results are reported against budget and prior year and the forecast for the year is revised where necessary. Any significant changes and adverse variances are questioned by the board and remedial action is taken where appropriate. There is daily cash reporting to the Chief Executive and Finance Director and periodic reporting to the board on the Group's tax and treasury position.

The system of internal control is designed to manage rather than eliminate the risk of failing to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The risk framework as outlined above, gives reasonable assurance that the structure of controls in operation is appropriate to the Group's situation and that there is an acceptable level of risk throughout the business.

The board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group; that this has been in place for the year under review and up to the date of approval of the Annual Report and Financial Statements.

Directors' remuneration report

The Remuneration Committee comprises the two non-executive directors and is chaired by Michael A Kayser, senior independent non-executive director. The Remuneration Committee advises the board on individual directors' remuneration packages. The Remuneration Committee met once during the year to 31 December 2014. The Committee has access to independent advice where it considers it appropriate. The Remuneration Committee considers recommendations from the Chief Executive.

REMUNERATION POLICY

The remuneration policy is set by the board. The Remuneration Committee provides advice to the board on the remuneration package of each director. Directors take no part in decisions affecting their own remuneration. The main objectives of the company's executive remuneration policy are to provide remuneration packages that will attract, retain and motivate individuals of an appropriate calibre and ensure that the interests of the executive directors are aligned with those of the shareholders. The remuneration of executive directors consists of five elements: basic salary, a significant element of performance-related bonus, benefits in kind, share based payments and pension provision. Remuneration details for each director are set out on page 26.

BASIC SALARY

The basic annual salary for each of the executive directors is determined by the Remuneration Committee having regard to their performance and market practice. It is the aim of the Remuneration Committee to reward directors competitively and on the broad principle that their remuneration should be based around the median remuneration paid to senior management of comparable public companies, but also having regard to the financial performance of the Group.

PERFORMANCE-RELATED INCENTIVES

Annual performance-related bonuses are considered and awarded based on the performance of both the individuals and the Group and are awarded on the recommendation of the Remuneration Committee. The amount awarded is determined at the end of the financial period by the Committee and takes into account the overall financial performance of the Group.

The executive directors waived their rights to receive bonuses in respect of 2014 in support of the Group's growth strategy. Their bonuses in respect of 2013 had also been waived.

SHARE BASED PAYMENTS

The Remuneration Committee considers that long-term incentives should form an important part of senior executives' remuneration in order to reward the achievement of the company's growth, thereby aligning the interests of executives with the interests of shareholders.

SHARE OPTIONS

Until 2010, the Committee considered share options to be the most appropriate type of long-term incentive.

From 2007, the policy of the Remuneration Committee was to grant share options to a selected group of key executives (including the executive directors) under the terms of the Stanelco plc 2005 Unapproved Share Option Plan, up to a maximum value of 200 per cent of base salary in any one financial year. On expiration of three years from the date of grant, if the share price of the company's shares is equal to Xp then 25 per cent of the options will become available for exercise. The proportion of options available will increase pro rata up to 100 per cent if the share price is Yp or greater. For grants made on 4 July 2007, X and Y were 2.0p and 5.0p respectively (4,859p and 12,147p post the share consolidation on 16 July 2013). For all subsequent grants X and Y have been 1.0p and 2.5p respectively (2,429p and 6,073p post the share consolidation on 16 July 2013).

Until 2010, the Committee considered that the use of share price targets provided the clearest and simplest alignment between executive rewards and the returns to shareholders.

2014 EMI Share Option Plan

Biome Technologies plc 2014 EMI Share Option Plan (the "2014 EMI") was implemented on 6 May 2014. Under the terms of this plan executives were awarded share options where 50% of the share options may vest on 4 October 2016 and the balance may vest on 4 October 2017.

The total number of ordinary shares in respect of which the options may be excercised will be determined by the reference to the market value of the Group's shares on the two vesting dates. If the Company's share price exceeds 320p on either of the vesting dates, a value pool equal to a percentage of the Company's actual market capitalisation in excess of a market capitalisation based on this 320p price will be created using the following mechanism:

- above 320p (up to including 360p) then the value pool percentage will be 10%
- above 360p (up to including 400p) then the value pool percentage will be 12.5%
- above 400p the the value pool percentage will be 15%

This value pool will be used to derive the proportion of share options that vest for 2014 EMI plan participant, subject to the individual maximums described above. The price payable on excercise by the plan's participants will be 165p, being the closing mid-market price on 2 May 2014.

The 2014 EMI replaces the Biome Technologies plc Public Equity Plan (the "PEP"), which was approved by shareholders on 14 June 2010, with all awards made under the PEP cancelled.

On 6 May 2014, the Company granted an award to John Standen, non-executive Chairman, subject to the 2014 EMI performance conditions described above. If these performance conditions are met, John Standen will be paid a cash sum equal to 6.5% of the value pool created on the same basis that the value can be made available under the 2014 EMI. John Standen's exisiting award made at the time of adoption of the 2010 PEP has been cancelled.

SERVICE CONTRACTS

All directors have service contracts. Each executive director has a service contract that may continue in force until their normal retirement date. These contracts do not contain provisions for pre-determined compensation that exceeds salary and benefits in kind for the notice period.

Directors' contracts and termination notices:

	Date of contract	Termination notice Director	Termination notice company	Renewable
Non-Executives				
Michael A Kayser	7 Oct 2010	None	None	Annually
John F Standen	23 Feb 2007	None	None	Annually
Executives				
Paul R Mines	16 April 2007	4 months	12 months	Normal retirement date
Declan L Brown	23 April 2014	6 months	12 months	Normal retirement date

PENSIONS

The company makes contributions to individual pension schemes for the executive directors at 10 per cent of basic salary.

The non-executive directors do not receive any pension contribution.

DIRECTORS' SHARE OPTIONS

Stanelco plc 2005 Unapproved Share Option Plan and Stanelco plc Employment Benefit Trust.

As at 31 December 2014, the following options had been appointed to sub trusts by the Trustees of the Stanelco plc Employee Benefit Trust for the benefit of the following directors and their families:

	Date Granted	Date exercisable	Date option lapses	Exercise price	Ordinary Shares of 5p each 31 December 2014
Paul R Mines	4 July 2007	4 July 2010	3 July 2017	1,263p	23,747
	28 April 2008	28 April 2011	27 April 2018	1,943p	15,436
	24 April 2009	24 April 2012	23 April 2019	1,481p	20,243

The exercise price of the options granted under the above scheme is equal to the market value of the shares at the time when the options were granted adjusted for the share consolidation on 16 July 2013. The performance conditions attached to the share options are detailed on page 24.

DIRECTORS' AWARDS UNDER THE 2014 EMI SHARE OPTION PLAN

Biome Technologies plc 2014 EMI Share Option Plan (the "2014 EMI").

As at 31 December 2014, the following options have been granted under the 2014 EMI:

	Date Granted	Date Option Lapses	Excercise Price	Ordinary Shares of 5p each 31 December 2014
Paul R Mines	6 May 2014	6 May 2019	165p	124,787
Declan L Brown	6 May 2014	6 May 2019	165p	70,303

The performance conditions attached to the awards are detailed on page 24. Up to 50% of the options may vest on 4 October 2016 and the balance may vest on 4 October 2017 to the extent that the performance conditions relating to an increase in the company's share price are satifised.

On 6 May 2014, the company granted an award to the chairman which mirrors the terms of the 2014 EMI. Under this agreement, subject to the total shareholder return and financial underpin described above, John Standen will be paid a cash sum equal to 6.5% of the value pool created in excess of the minimum hurdle rate on the same basis that value can be made available under the 2014 EMI.

The company's share price on 31 December 2014 was 130.0p (31 December 2013: 172.5p) and traded during the year at prices between 182.5p and 130.0p (2013: 303.7p and 66p). On 16 July 2013 the Group Consolidated its 5,897,880,000 ordinary shares of £0.001p into 2,427,732 ordinary shares of £0.05. The share prices indicated for the prior year pre 16 July 2013 have been adjusted to reflect the effect of the share consolidation to enable a like-for-like comparison.

DIRECTORS' REMUNERATION DURING THE YEAR

	Year ended 31 December 2014					Year ended 31 December 2013
	Base salary/fees	**Bonuses**	**Car allowances**	**Benefits in kind**	**Total**	Total
	£	**£**	**£**	**£**	**£**	£
Paul R Mines	**155,000**	**—**	**9,600**	**1,888**	**166,488**	137,353
Declan L Brown	**82,769**	**—**	**6,622**	**—**	**89,391**	—
John F Standen (i)	**30,750**	**—**	**—**	**—**	**30,750**	21,375
Michael A Kayser	**22,544**	**—**	**—**	**—**	**22,544**	21,175
Total	**291,063**	**—**	**16,222**	**1,888**	**309,173**	179,903

The Company made contributions to individual pension schemes as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
Paul R Mines	**15,750**	15,000
Declan L Brown	**8,277**	—
	24,027	15,000

(i) On 28 March 2013 the company entered into a consultancy agreement with Leapacross Ltd, a company of which John Standen is a director and majority shareholder. Payment to Leapacross Ltd in 2013 was £28,000, plus VAT, paid in shares at the equivalent market price prevailing at the point of authorising the invoice. The contract terminated in 2013 and no payments were made to Leapacross Ltd during 2014.

By Order of the Board

Michael A Kayser
Chairman of the Remuneration Committee

24 March 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). The Group directors have elected to prepare the parent company financial statements in accordance with IFRSs. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each of the directors is aware there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Paul Mines
Chief Executive Officer

Declan Brown
Group Finance Director

24 March 2015

Report of the Independent auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIOME TECHNOLOGIES PLC

We have audited the financial statements of Biome Technologies plc for the year ended 31 December 2014 which comprise the consolidated and parent company statement of financial position, the consolidated statement of comprehensive income, the consolidated and parent company statements of cash flow, the consolidated and parent company statements of changes in equity, principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit 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 auditor's 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 audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 27, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

NICK WATSON
SENIOR STATUTORY AUDITOR
for and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS

SOUTHAMPTON
24 March 2015

Principal accounting policies

BASIS OF PREPARATION

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

These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 December 2014.

The financial statements have been prepared under the historical cost convention. The measurement bases and principal accounting policies of the Group are set out below.

The financial statements have been prepared on a going concern basis as the directors believe that the Group has access to sufficient resources to continue in business for the foreseeable future. This is discussed more fully in the Directors' Report on pages 14 to 17.

The directors have prepared forecasts and budgets for the period of 12 months post the approval of the accounts, 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.

ADOPTION OF NEW AND REVISED STANDARDS

The consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2013.

As of 31 December 2014, the following standards and interpretations are in issue but not effective for accounting periods commencing on 1 January 2014:

- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)

The Group does not intend to apply any of these pronouncements early.

BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 31 December 2014. Subsidiaries are entities over which the Group has the control. Control comprises an investor having power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power.

At 31 December 2014 the subsidiary undertakings were Stanelco RF Technologies Limited, InGel Technologies Limited, Biome Bioplastics Limited (formerly Adept Polymers Limited) and Aquasol Limited. Details of the composition of the group are included in note 9 to these financial statements.

The assets and liabilities of the Stanelco 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.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

REVENUE

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Sale of goods

Revenues includes the sale of biodegradable and sustainable products in Bioplastics and the sale of optical fibre furnace systems, plastic welding equipment, induction heating equipment and spares in RF Applications divisions. Revenue from the sales of these goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, usually upon physical delivery of the goods to the customer or transfer of the goods to the customers nominated courier;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

The RF Applications division is involved in rendering services which include servicing, maintenance, consultancy, bespoke assembly and installation activities in relation to the equipment described above. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of the transaction is deemed to be able to be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the year end can be measured reliably and can be estimated by reference to the proportion of time required to complete the service and be accepted by the customer, and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Where a contract for goods or services involves delivery of several different elements and is not fully delivered or performed by the year end, revenue is recognised based on the proportion of the fair value of the elements completed to the fair value of the overall contract.

Rental income

Rental income received for assets leased to third parties is recognised in profit or loss across the lease term. Lease incentives are spread over the term of the lease.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Royalties

Royalties are recognised on an accruals basis in accordance with the substance of the relevant agreement.

Royalty income is based upon a percentage of revenue of specific products within the licensee's portfolio. Income is recognised within the corresponding period within which the licensee's revenue was generated where this information is available. In the absence of revenue information from a licensee a best estimate is used as the basis of estimation. Royalty income in 2014 is entirely based upon information provided by the licensee and no estimates were required.

Commissions

Commission income is recognised on an accurals basis in accordance with the substance of the relevant agreement.

Commision income is earned on the sale of a third party's sales of goods and services within the UK market. Income is recognised within the corresponding period within which the third party's revenue was generated where the information is available. Commission income in 2014 is entirely based upon information provided by the third party and no estimates were required.

Dividends

Dividends are recognised when the shareholders rights to receive payment is established.

Exceptional items
The Group presents as exeptional items, on the face of the statement of comprehensive income, those material items of income and expense which, because of their nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance during the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Grants
Grants relating to the intangible assets are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Other grants are credited to the income statement as the related expenditure is incurred.

INTANGIBLE ASSETS

Internally generated intangible assets are amortised on a straight-line basis over their useful lives.

Research and development
Expenditure on research is recognised as an expense in the period in which it is incurred.

Development costs are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed in the period in which they are incurred.
The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Until completion of the development project, the assets are subject to impairment testing only. Amortisation commences upon completion of the asset, and is shown within 'Administrative Expenses' on the consolidated statement of comprehensive income.

Capitalised development costs are amortised over a period of five years.

Assets acquired as part of a business combination
In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group.

PROPERTY, PLANT AND EQUIPMENT

Depreciation
Property, plant and equipment are stated at cost or valuation, net of depreciation and any provision for impairment. Leasehold equipment is included in property, plant and equipment only where it is held under a finance lease. No depreciation is charged during the period of construction.

Depreciation is provided on all property, plant and equipment at rates calculated to write off their cost less estimated residual value over their expected useful lives on a straight line basis, as follows:-

Property	3 to 20 years
Plant and Equipment	3 to 20 years
Fixtures and Fittings	5 to 10 years
Motor vehicles	4 years

Residual value and useful lives are reviewed at least annually. Land is not depreciated.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

IMPAIRMENT TESTING OF OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the assets in the cash generating unit. All assets are subsequently re-assessed for indications that an impairment loss previously recognised may no longer exist.

LEASED ASSETS

Leases are regarded as operating leases and the payments made under them are charged to profit or loss on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

INVENTORIES

Inventory and work in progress is stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method and consists of material and direct labour costs, together with an appropriate proportion of production overheads based upon normal levels of activity.

TAXATION

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the date of the statement of financial position.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity. Tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

FINANCIAL ASSETS

Financial assets held by the group comprise cash and receivables. Financial assets are assigned to a category by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, cash and cash equivalents are classified as receivables.

Receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

An assessment for impairment is undertaken at least at each date of statement of financial position. A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Investments in subsidiaries and joint ventures in the parent company accounts are initially measured at cost less impairment charges. Impairment is reviewed on an annual basis.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

FINANCIAL LIABILITIES

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities are trade and other payables. Financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance charges in the statement of comprehensive income. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are initially recorded at fair value net of issue costs and then subsequently measured at amortised cost.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

EQUITY

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue;
- "Capital redemption reserve" represents the normal value of bought back shares that were cancelled;
- "Share options reserve" represents equity-settled share-based employee remuneration until such share options are exercised;
- "Translation reserve" represents the differences arising from translation of investments in overseas subsidiaries;
- "Retained losses" represents retained losses; and
- "Retained profits" represents retained profits.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the date of the statement of financial position. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in profit or loss in the period in which they arise.

PENSIONS

The Group makes payments to defined contribution schemes. Contributions to the defined contribution pension schemes are charged to profit or loss in the year in which they become payable.

SHARE-BASED PAYMENT

Equity and cash settled share-based payment

The Group issues equity-settled and cash-settled share-based payments to directors and employees which must be measured at fair value and recognised as an expense in profit or loss, with a corresponding increase in equity in the case of equity-settled payments, and liabilities in the case of cash-settled awards. The fair values of equity-settled payments are measured at the dates of grant using option-pricing models, taking into account the terms and conditions upon which the awards are granted. Cash-settled share-based payments are measured at their fair value as at the balance sheet date. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the Group's estimate of the number of awards which will be forfeited, either due to employees leaving the Group prior to vesting or due to non-market based performance conditions not being met. Where an award has market-based performance conditions, the fair value of the award is adjusted for the probability of achieving these via the option pricing model. The total amount recognised in the statement of comprehensive income as an expense is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market-based performance measures.

In the Company accounts where the grants relate to subsidiary employees the initial fair value and any subsequent adjustments are recognised as an addition to the cost of investment in the subsidiary company over the vesting period.

EMPLOYEE BENEFIT TRUST

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Group accounts. Any assets held by the EBT cease to be recognised in the consolidated statement of financial position when the assets vest unconditionally in identified beneficiaries.

CRITICAL ACCOUNTING JUDGEMENTS

Areas where the directors believe critical accounting judgement is required are:-

Capitalisation of development costs

In determining whether development costs should be capitalised it needs to be established, inter alia, whether completion of the intangible asset is technically feasible, whether the intangible asset will generate probable future economic benefits and whether there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. Development costs are capitalised if they meet these conditions and the other less subjective conditions detailed in the "Research and development" section of the accounting policies.

Intragroup balances

Intragroup balances are held at amortised cost and are deemed to be current and immediately payable on demand where cash balances exist to cover the net intragroup balance.

For the intragroup balances exceeding available cash balances, interest is charged at 7.5% per annum on the net intragroup balance owed.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Investments

The directors make an assessment of the carrying value of investments at least annually. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Investments are allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows. Discussion of assumptions and sensitivities is included in Note 9 to these financial statements.

Intangible assets

The directors make an assessment of the carrying value of the intangible assets at least annually forecasting cash flows from the relevant products. These forecasts were prepared with the reference to contracted and visible business within the RF Division, and the commercialisation, and increased volume, from the exisiting trials and launches within the Bioplastics Division.

Property leases

The Group had property lease obligations for three properties in Southampton of which only one was occupied by the operations of the Group. On 22 May 2013 the Group entered into a settlement agreement with the landlord whereby the Group 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 release of the provision went to exceptional items within administrative expenses.

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Total £'000	2013 Before exceptional items	2013 Exceptional items	2013 Total £'000
REVENUE	1a-1d, 2	**3,567**	1,977		**1,977**
Cost of sales	10	**(2,075)**	(1,200)		**(1,200)**
GROSS PROFIT		**1,492**	777		**777**
Administrative expenses	3a-3b, 4, 6	**(2,810)**	(2,465)	(900)	**(3,365)**
LOSS FROM OPERATIONS		**(1,318)**	(1,688)	(900)	**(2,588)**
Investment income		**12**	21		**21**
Foreign exchange gain/loss		**1**	(24)		**(24)**
LOSS BEFORE TAXATION		**(1,305)**	(1,691)	(900)	**(2,591)**
Taxation	5a	**33**	46		**46**
LOSS FOR THE YEAR		**(1,272)**	(1,645)	(900)	**(2,545)**
Other comprehensive income: Will be reclassified subsequently to profit or loss					
Retranslation reserve on disposal		**—**	—	—	—
Exchange differences on translating foreign operations		—	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1,272)**	(1,645)	(900)	**(2,545)**
Basic and diluted loss per share – pence (continuing and discontinuing operations)		**(54)**			**(107)**

The calculation of earnings per share is based on the loss attributable to the equity holders of the parent for the year of £1,272,000 (2013: loss of £2,545,000) and a weighted average of 2,347,536 (2013: 2,385,813) ordinary shares in issue.

Details of share options which could potentially dilute basic earnings per share in future periods are given in Note 17.

Consolidated statement of financial position

AS AT 31 DECEMBER 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
NON-CURRENT ASSETS					
Other intangible assets	7	**1,217**		1,196	
Property, plant and equipment	8a	**263**		269	
			1,480		1,465
CURRENT ASSETS					
Inventories	10	**1,011**		641	
Trade and other receivables	11a	**868**		880	
Cash and cash equivalents		**2,393**		3,311	
			4,272		4,832
TOTAL ASSETS			**5,752**		6,297
CURRENT LIABILITIES					
Trade and other payables	12a	**1,229**		664	
			1,229		664
TOTAL LIABILITIES			**1,229**		664
NET ASSETS			**4,523**		5,633

AS AT 31 DECEMBER 2014

	Note	**2014**	2013
		£'000	£'000
EQUITY			
Share capital	15	**117**	117
Share premium account	16a	**740**	740
Capital redemption reserve	16a	**4**	4
Share options reserve	16a,17	**531**	797
Translation reserves	16a	**(85)**	(85)
Retained profits/(losses)	16a	**3,216**	4,060
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND TOTAL EQUITY		**4,523**	5,633

The financial statements were approved by the Board on 24 March 2015.

Signed on behalf of the Board of Directors

Paul R Mines **(Chief Executive)**

Declan L Brown **(Group Finance Director)**

24 March 2015

The accompanying accounting policies and notes form an integral part of the financial statements.

Company registration No: 1873702 (England and Wales)

Company statement of financial position

AS AT 31 DECEMBER 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
NON-CURRENT ASSETS					
Property, plant and equipment	8b	**22**		31	
Investments	9	**558**		558	
			580		589
CURRENT ASSETS					
Trade and other receivables	11b	**219**		218	
Amounts owed by related parties	27	**6,267**		5,589	
Cash and cash equivalents		**1,748**		3,174	
			8,234		8,981
TOTAL ASSETS			**8,814**		9,570
CURRENT LIABILITIES					
Trade and other payables	12b	**202**		247	
Amounts due to subsidiary undertakings	27	**589**		589	
			791		836
NON-CURRENT LIABILITIES				—	—
TOTAL LIABILITIES			**791**		836
NET ASSETS			**8,023**		8,734

AS AT 31 DECEMBER 2014

		2014	2013
	Note	**£'000**	£'000
EQUITY			
Share capital	15	**117**	117
Share premium account	16b	**12**	12
Capital redemption reserve	16b	**4**	4
Share options reserve	16b,17	**376**	602
Retained profits/(losses)	16b	**7,514**	7,999
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**8,023**	8,734

The financial statements were approved by the Board on 24 March 2015.

Signed on behalf of the Board of Directors

Paul R Mines **(Chief Executive)**

Declan L Brown **(Group Finance Director)**

24 March 2015

Company registration No: 1873702 (England and Wales)

The accompanying accounting policies and notes form an integral part of the financial statements.

Consolidated statement of changes in equity

AS AT 31 DECEMBER 2014

	Share capital	Share premium account	Capital redemption reserve	Share options reserve	Translation reserves	Retained earnings	Total equity attributable to equity holders of the parent	TOTAL EQUITY
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2014	117	740	4	797	(85)	4,060	5,633	5,633
Share options issued in share based payments	—	—	—	162	—	—	162	162
Cancellation of PEP schemed and expired options	—	—	—	(428)	—	428	—	—
Transaction with owners	—	—	—	(266)	—	428	162	162
Profit for the year	—	—	—	—	—	(1,272)	(1,272)	(1,272)
Total comprehensive income for the year	—	—	—	—	—	(1,272)	(1,272)	(1,272)
Balance at 31 December 2014	117	740	4	531	(85)	3,216	4,523	4,523
Balance at 1 January 2013	5,885	38,623	—	966	(85)	(37,255)	8,134	8,134
Share options issued in share based payments	—	—	—	(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	—	—
Transaction 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 at 31 December 2013	117	740	4	797	(85)	4,060	5,633	5,633

Company statement of changes in equity

AS AT 31 DECEMBER 2014

	Share capital	Share premium	Capital redemption reserve	Share options reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2014	117	12	4	602	7,999	8,734
Share options issued in share based payments	—	—	—	148	—	148
Cancellation of PEP scheme and expired options	—	—	—	(374)	374	
Transaction with owners	—	—	—	(226)	374	148
Loss for the year	—	—	—	—	(859)	(859)
Total comprehensive income for the year	—	—	—	—	(859)	(859)
Balance at 31 December 2014	117	12	4	376	7,514	8,023
Balance at 1 January 2013	5,885	37,895	—	771	(33,719)	10,832
Share options issued in share based payments	—	—	—	(169)	263	94
Issue of share capital	5,911	12	—	—	—	5,923
Cancellation of share capital	(11,679)	—	4	—	5,702	(5,973)
Cancellation of share premium account	—	(37,895)	—	—	37,895	—
Transaction with owners	(5,768)	(37,883)	4	(169)	43,860	44
Loss for the year	—	—	—	—	(2,142)	(2,142)
Total comprehensive income for the year	—	—	—	—	(2,142)	(2,142)
Balance at 31 December 2013	117	12	4	602	7,999	8,734

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	£'000	£'000
Loss after tax	**(1,272)**	(2,545)
Adjustment for:-		
Taxation	**(33)**	(46)
Foreign exchange loss	**(1)**	24
Investment income	**(12)**	(21)
Loss from operations	**(1,318)**	(2,588)
Adjustment for:-		
Amortisation and impairment of intangible assets	**276**	266
Depreciation of property, plant and equipment	**67**	60
Share based payments	**162**	94
Foreign exchange (loss)/gain	**2**	(24)
Operating cash flows before movement in working capital	**(811)**	(2,192)
(Increase)/decrease in inventories	**(371)**	(272)
Decrease/(increase) in receivables	**12**	248
Increase/(decrease) in payables	**565**	(489)
Cash utilised in operations	**(605)**	(2,705)
Corporate tax received	**33**	46
Interest paid	**—**	—
Net cash outflow from operating activities	**(572)**	(2,659)
Investing activities		
Interest received	**12**	21
Investment in intangible assets	**(297)**	(249)
Purchase of property, plant and equipment	**(61)**	(27)
Net cash used in investing activities	**(346)**	(255)
Financing activities		
Proceeds from issue of ordinary shares	**—**	37
Buyback of ordinary shares	—	(87)
Net cash used in financing activities	**—**	(50)
Net increase/(decrease) in cash and cash equivalents	**(918)**	(2,964)
Cash and cash equivalents at the beginning of the year	**3,311**	6,275
Effect of foreign exchange rate changes	**—**	—
Cash and cash equivalents at end of year	**2,393**	3,311

Company statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	£'000	£'000
Loss after tax	**(858)**	(2,142)
Adjustment for:-		
Foreign exchange loss	**(4)**	27
Investment income	**(414)**	(20)
Loss from operations	**(1,276)**	(2,135)
Adjustment for:-		
Depreciation of property, plant and equipment	**8**	8
Share based payments	**148**	94
Foreign exchange	**5**	(26)
Operating cash flows before movement in working capital	**(1,115)**	(2,059)
(Increase)/decrease in receivables	**(275)**	586
(Increase)/decrease in payables	**(46)**	(465)
Cash utilised by operations	**(1,436)**	(1,938)
Tax received	**—**	—
Interest paid	**—**	—
Net cash outflow from operating activities	**(1,436)**	(1,938)
Investing activities		
Interest received	**10**	20
Purchase of property, plant and equipment	**—**	(22)
Net cash used in investing activities	**10**	(2)
Financing activities		
Proceeds of issue of ordinary share capital	—	37
Buyback of ordinary shares	—	(87)
Net cash from financing activities	—	(50)
Increase/(decrease) in cash and cash equivalents	**(1,426)**	(1,990)
Cash and cash equivalents at beginning of year	**3,174**	5,164
Cash and cash equivalents at end of year	**1,748**	3,174

The accompanying accounting policies and notes form an integral part of the financial statements.

1a. SEGMENTAL INFORMATION BY BUSINESS ACTIVITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Bioplastics 2014 £'000	RF Technologies 2014 £'000	Central Costs 2014 £'000	Total 2014 £'000
Revenue				
External sales	**1,446**	**2,121**	**—**	**3,567**
Depreciation/amortisation	(197)	(138)	(8)	(343)
Share based payments	(4)	(10)	(148)	(162)
(LOSS)/PROFIT FROM CONTINUING OPERATIONS	**(335)**	**293**	**(1,276)**	**(1,318)**
Interest received				12
Finance charges				—
Foreign exchange gain				1
LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS				**(1,305)**
Taxation				33
LOSS FOR THE YEAR				**(1,272)**
CAPITAL EXPENDITURE				
Property, plant and equipment	2	59	—	**61**
Intangible assets	258	39	—	**297**
TOTAL ASSETS	2,098	1,664	1,989	**5,751**

The Group is managed through three divisions, Bioplastics, RF Technologies and Central costs. These reportable segments are the three strategic divisions for which monthly financial information is provided to the Board and senior management.

The Bioplastics division comprises of Biome Bioplastics Limited and Aquasol Limited. The division supplies a range of bioplastic resins that replace existing oil based materials in a wide variety of applications.

The RF Technologies division comprises of Stanelco RF Technologies. RF Technologies involves the design and manufacture of electrical/electronic systems based on advanced radio frequency technology.

The Central costs division comprises of senior management, corporate and administration functions, as well as facilities costs.

1b. **SEGMENTAL INFORMATION BY GEOGRAPHICAL REGION FOR THE YEAR ENDED 31 DECEMBER 2014**

	Non-current assets 2014	Total assets 2014	Tangible assets Capital expenditure 2014	Intangible assets Capital expenditure 2014
	£'000	£'000	£'000	£'000
UK	1,480	5,751	61	297
	1,480	**5,751**	**61**	**297**

	Revenue 2014
	£'000
US	1,479
UK	780
China	309
Germany	255
Italy	205
Poland	171
Other	368
	3,567

1c. **SEGMENTAL INFORMATION BY BUSINESS ACTIVITY FOR THE YEAR ENDED 31 DECEMBER 2013**

	Bioplastics 2013	RF Technologies 2013	Central Costs 2013	Exceptional Items 2013	Total 2013
	£'000	£'000	£'000	£0,000	£'000
Revenue from external customers	**958**	**1,019**	**—**	**—**	**1,977**
Depreciation/amortisation	(163)	(155)	(8)	—	(326)
Share based payments	—	—	(93)	—	(93)
(LOSS)/PROFIT FROM CONTINUING OPERATIONS	**(372)**	**(81)**	**(1,235)**	**(900)**	**(2,588)**
Investment revenue					21
Finance charges					—
Foreign exchange gain					(24)
LOSS BEFORE TAXATION FROM CONTINUING ACTIVITIES					**(2,591)**
Taxation					46
LOSS FOR THE YEAR					**(2,545)**
CAPITAL EXPENDITURE					
Property, plant and equipment	—	5	22	—	**27**
Intangible assets	211	38	—	—	**249**
TOTAL ASSETS	1,844	1,030	3,423	—	**6,297**

The exceptional items relate to one off costs incurred in the settlement of the leases with the landlord for two surplus industrial buildings and costs incurred in the capital reduction and consolidation of the companys ordinary shares.

1d. SEGMENTAL INFORMATION BY GEOGRAPHICAL REGION FOR THE YEAR ENDED 31 DECEMBER 2013

	Non-current assets 2013 £'000	Total assets 2013 £'000	Tangible assets Capital expenditure 2013 £'000	Intangible assets Capital expenditure 2013 £'000
UK	1,465	6,297	27	249
	1,465	**6,297**	**27**	**249**

	Revenue 2013 £'000
US	829
UK	331
Poland	229
China	206
Germany	103
India	99
Other	180
	1,977

Revenue is attributed to individual countries based on the location of the customer.

The Group had one customer (2013: three customers) who accounted for more than 10% of Group revenues, one in the Bioplastics division with revenues of £1.1m (2013: two with revenues of £0.3m each) and none in the RF division (2013: one in the RF division with revenues of £0.2m). Combined these revenues were £1.1m (2013: £0.8m)

2. REVENUE

	2014 £'000	2013 £'000
Sales of goods	**3,291**	1,691
Sales of services	**92**	103
Royalty income	**155**	173
Commissions	**29**	10
	3,567	1,977

3a. ADMINISTRATIVE EXPENSES

	2014 **£'000**	2013 £'000
Administrative expenses include:		
Depreciation, amortisation and impairment:		
Other intangible assets, owned	**276**	266
Property, plant and equipment, owned	**67**	60
Hire of plant and machinery	**6**	6
Operating lease rentals: Land and buildings	**50**	156
Operating lease income: Land and buildings	**(19)**	(58)
Share based payments – equity settled	**162**	94
Share based payments - cash settled	**6**	—
Bad debt provision	**20**	38

3b. AUDITORS' REMUNERATION

	2014 **Grant Thornton UK LLP** **£'000**	2013 Grant Thornton UK LLP £'000
Parent company audit fees	**21**	20
Subsidiary audit fees	**16**	16
Non audit services:		
Other assurance services	**5**	5
Taxation services	**10**	25
Total charged to consolidated statement of comprehensive income	**52**	66

4. DIRECTORS AND EMPLOYEES

The average monthly number of persons (including Directors) employed by the Group during the year was:

	Group		Company	
	2014	2013	**2014**	2013
	Number	Number	**Number**	Number
Management	**7**	5	**6**	5
Administration	**3**	2	**2**	1
Sales	**2**	2	**—**	—
Manufacturing and engineering	**8**	8	**—**	—
	20	17	**8**	6
	£'000	£'000	**£'000**	£'000
Staff costs:				
Wages and salaries	**1,014**	780	**473**	345
Social security costs	**116**	86	**55**	38
Pension costs – personal pension contribution	**67**	49	**36**	27
	1,197	915	**564**	410
Directors' remuneration				
Short term employment benefits	**347**	201	**347**	201
Post employment benefits	**24**	15	**24**	15
	371	216	**371**	216

The Group has identified key management personnel as the executive and non-executive directors.

A detailed breakdown of directors' emoluments is contained in the Directors' Remuneration Report.

Share options charges related to executive directors and key personnel included within administrative expenses is a change of £78,314 (2013: £34,768)

5a. TAXATION

Analysis of charge in year	Group 2014 £'000	2013 £'000
Current income tax		
Current income credit/charge	—	—
Adjustments in respect of prior periods:	**(33)**	(46)
Total current income tax (note 5b)	**(33)**	(46)
UK Corporation tax	**(33)**	(46)
Overseas Corporation tax	—	—
Total consolidated corporation tax credit	**(33)**	(46)

5b. TAXATION

Factors affecting tax charge for year	Group 2014 £'000	2013 £'000
Loss on ordinary activities before taxation	**(1,305)**	(2,591)
Tax thereon at UK statutory income tax rate 21.5% (2013: 23.25%)	**(281)**	(602)
Expenses not deductible for tax purposes	**38**	221
Additional deduction for research and development expenditure	**(77)**	(71)
Other short term temporary differences	**9**	—
Unrelieved tax losses and other deductions	**435**	442
Utilisation of tax losses	**(138)**	—
Capital allowances in the period in excess of depreciation	**14**	10
Adjustment in respect of prior periods	**(33)**	(46)
Total UK corporation tax	**(33)**	(46)
Overseas corporation tax	—	—
Tax credit for the year	**(33)**	(46)

The Group has estimated trading losses of £28.2m (2013: £27m) available indefinitely for carry forward against future trading profits. The Company has estimated trading losses of £14.6m (2013 : £13.7m) available indefinitely for carry forward against future trading profits. The Group had capital losses of £1.5m (2013 : £1.5m). Deferred tax assets have not been recognised in respect of these losses as there is insufficient certainty of future taxable profits against which to utilise them.

6. EXCEPTIONAL ITEMS

	2014 £'000	2013 £'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

6. EXCEPTIONAL ITEMS continued

On 22 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 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-tenant in order to return the units with vacant possession.

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.

Under the share consolidation shareholders received 177 new ordinary share of £0.05 for every 430,000 ordinary shares held as at the consolidation date 15 July 2013. Shareholders whose total holding was less that 430,000 ordinary shares of £0.001 or whose holding was not exactly divisible by 430,000 had the fractional entitlement settled by the Company buying back 102,483 ordinary shares of £0.05 on 25 July 2013. The cost incurred in buying back these shares was £87,000 and taken directly to reserves.

As part of the share consolidation the Company also 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.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill relating to Aquasol	**Other intangible assets**	**Total**
	£'000	**£'000**	**£'000**
Group			
Cost:			
At 1 January 2013	1,991	2,950	4,941
Additions	—	249	249
At 1 January 2014	1,991	3,199	5,190
Additions	—	297	297
At 31 December 2014	**1,991**	**3,496**	**5,487**
Accumulated amortisation and impairment:			
At 1 January 2013	1,991	1,737	3,728
Provided in the year - charge for the year	—	266	266
At 1 January 2014	1,991	2,003	3,994
Provided in the year - charge for the year	—	276	276
At 31 December 2014	**1,991**	**2,279**	**4,270**
Net book value:			
At 31 December 2014	**—**	**1,217**	**1,217**
At 31 December 2013	**—**	**1,196**	**1,196**

7. GOODWILL AND OTHER INTANGIBLE ASSETS continued

Other Intangible Assets comprise £1,217,000 (2013: £1,196,000) of capitalised development costs. The remaining amortisation period on the £1,217,000 of other intangible assets at 31 December 2014 is a weighted average of 3.9 years (2013: 4.0 years).

Of the £1,217,000 of capitalised development costs, £1,059,000 relates to Bioplastics and £158,000 to RF Applications.

8a. PROPERTY, PLANT AND EQUIPMENT Group

	Land, buildings and leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost:					
At 1 January 2013	190	559	170	1	920
Additions	—	23	4	—	27
Disposals	—	—	—	—	—
At 1 January 2014	190	582	174	1	947
Additions	8	31	22	—	61
Disposals	—	—	—	—	—
At 31 December 2014	198	613	196	1	1,008
Depreciation:					
At 1 January 2013	104	349	164	1	618
Provided in the year	13	44	3	—	60
Disposals	—	—	—	—	—
At 1 January 2014	117	393	167	1	678
Provided in the year	14	48	5	—	67
Disposals	—	—	—	—	—
At 31 December 2014	131	441	172	1	745
Net book value:					
31 December 2014	**67**	**172**	**24**	**—**	**263**
Net book value:					
31 December 2013	73	189	7	—	269

8a. **PROPERTY, PLANT AND EQUIPMENT** Group continued

There were no assets, included above, held under finance leases or hire purchase contracts.

8b. **PROPERTY, PLANT AND EQUIPMENT** Company

	Land, buildings and leasehold improvements £'000	Plant and equipment £'000	Fixtures fittings and equipment £'000	Total £'000
Cost:				
At 1 January 2013	25	15	2	42
Additions	—	22	—	22
Disposals	—	—	—	—
At 1 January 2014	25	37	2	64
Additions	—	—	—	—
Disposals	—	—	—	—
At 31 December 2014	25	37	2	64
Depreciation:				
At 1 January 2013	17	7	1	25
Charge for year	1	7	—	8
Disposals	—	—	—	—
At 1 January 2014	18	14	1	33
Charge for year	2	7	—	9
Disposals	—	—	—	—
At 31 December 2014	20	21	1	42
Net book value:				
At 31 December 2014	5	16	1	22
At 31 December 2013	7	23	1	31

9. INVESTMENTS

	Total
	£'000
Investments Company	
Cost:	
31 December 2013	2,750
31 December 2014	2,750
Diminuation in value:	
31 December 2013	2,192
31 December 2014	2,192
Net book value at 31 December 2014	**558**
Net book value at 31 December 2013	558

In the opinion of the directors, the aggregate value of the company's investment is not less than the amount included in the company statement of financial position. The investments, as at 31 December 2014, relate to Aquasol.

9. INVESTMENTS continued

Holding of more than 20 per cent.

The Company holds more than 20 per cent of the share capital of the following companies:

Company	Country of registration	Class	Percentage of shares held
Stanelco RF Technologies Limited	England and Wales	2 Ordinary £1 shares	100
InGel Technologies Limited	England and Wales	9,500 Ordinary "A" 1p shares	93.7
Biome Bioplastics Limited*	England and Wales	2 Ordinary £1 shares	100
Aquasol Limited	England and Wales	29,000 Ordinary £1 shares	100

*Formerly Adept Polymers Limited

Stanelco RF Technologies Limited is involved in the development, manufacture and supply of Radio Frequency applications equipment. InGel Technologies Limited is a dormant company. Biome Bioplastics Limited is a company that specialises in the formulation and manufacture and sale of bioplastics. Aquasol Limited specialises in designing packaging solutions and has specific expertise in water soluble packaging.

All companies are wholly owned by Biome Technologies plc except for InGel Technologies Limited in which a 6.3 per cent shareholding is held by Cardinal Health 409 Incorporated (formerly R.P. Scherer Corporation).

10. INVENTORIES

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Raw materials and consumables	**511**	319	**—**	—
Work in progress	**239**	17	**—**	—
Finished goods and goods for resale	**261**	305	—	—
Total	**1,011**	641	—	—

Cost of sales in the consolidated statement of comprehensive income relates to the cost of goods sold.

11a. TRADE AND OTHER RECEIVABLES Group

	2014	2013
	£'000	£'000
Trade receivables	**348**	472
Other receivables	**256**	233
Prepayments and accrued income	**264**	175
Total	**868**	880

An allowance has been made for estimated irrecoverable amounts from the sale of goods of £92,000. This allowance has been determined by reference to past default experience. The directors consider that the carrying amount of trade and other receivables approximates their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The average credit period taken on the sale of goods was 36 days.

Ageing of past due but not impaired receivables is as follows

	2014	2013
	£'000	£'000
60 - 90 days past due	**2**	8
90 - 120 past due	**71**	14
120 + past due	**22**	137
Total	**95**	159

11a. **TRADE AND OTHER RECEIVABLES** Group continued

Movement in allowance for doubtful debts:

	2014 £'000	2013 £'000
Balance at the beginning of the period	**154**	87
Exchange differences	**—**	1
Amounts written off as uncollectible	**(82)**	—
Impairment losses recognised	**20**	66
Total	**92**	154

In determining the recoverability of a trade receivable the directors consider any changes in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. Accordingly, the directors believe that there is no further provision required in excess of the allowance for doubtful debts.

Ageing of impaired receivables is as follows:

	2014 £'000	2013 £'000
120 + days	**92**	154
Total	**92**	154

11b. **TRADE AND OTHER RECEIVABLES** Company

	2014 £'000	2013 £'000
Trade receivables	**12**	15
Other receivables	**142**	138
Prepayments and accrued income	**65**	65
Total	**219**	218

Details of the intragroup receivables can be found in Note 27.

11b. **TRADE AND OTHER RECEIVABLES** continued

Ageing of past due but not impaired receivables is as follows:

	2014	2013
	£'000	£'000
90 - 120	**—**	—
120 +	**12**	12
Total	**12**	12

Movement in allowance for doubtful debts:

	2014	2013
	£'000	£'000
Balance at the beginning of the period	**60**	—
Provided in the year	**—**	60
Total	**60**	60

In determining the recoverability of a trade receivable the directors considers any changes in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. Accordingly, the directors believe that there is no further provision required in excess of the allowance for doubtful debts.

Ageing of impaired receivables is as follows:-

	2014	2013
£'000	£'000	
120+	**60**	60
Total	**60**	60

12a. TRADE AND OTHER PAYABLES Group

	2014 £'000	2013 £'000
Trade payables	**382**	401
Other taxation and social security costs	**39**	28
Other creditors	**42**	45
Accruals and deferred income	**766**	190
Total	**1,229**	664

12b. TRADE AND OTHER PAYABLES Company

	2014 £'000	2013 £'000
Trade payables	**20**	99
Other taxation and social security costs	**39**	28
Other creditors	**42**	45
Accruals and deferred income	**101**	75
Total	**202**	247

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 44 days. For all suppliers, no interest is charged if the trade payable exceeds the credit period.

The carrying amount of all trade and other payables is a reasonable approximation of fair value.

Details of the intragroup payables can be found in Note 27.

13. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Financial assets				
Loans and receivables	**2,996**	4,016	**8,170**	8,916
Financial liabilities recorded at amortised cost				
Trade and other payables	**1,187**	620	**749**	792

The Group's finance function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages financial risk relating to the operations of the Group.

13. FINANCIAL INSTRUMENTS Continued

Net foreign currency monetary assets

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Euros	**496**	43	—	—
US Dollars	**164**	485	**164**	485

All of the Group and Companies financial instruments are considered to be held at an approximation to fair value.

Maturity of financial liabilities

Contractual undiscounted cash flows in respect of financial liabilities are as follows:

Group

2014	**0-60 days £'000**	**61 days - 6 months £'000**	**7 months - 1 year £'000**	**13 months - 2 years £'000**	**2-5 years £'000**	**Total £'000**
Trade and other payables	1,187	—	—	—	—	1,187
Total	1,187	—	—	—	—	1,187

2013	**0-60 days £'000**	**61 days - 6 months £'000**	**7 months - 1 year £'000**	**13 months - 2 years £'000**	**2-5 years £'000**	**Total £'000**
Trade and other payables	620	—	—	—	—	620
Total	620	—	—	—	—	620

Company

2014	**0-60 days £'000**	**61 days - 6 months £'000**	**7 months - 1 year £'000**	**13 months - 2 years £'000**	**2-5 years £'000**	**Total £'000**
Trade and other payables	749	—	—	—	—	749
Total	749	—	—	—	—	749

2013	**0-60 days £'000**	**61 days - 6 months £'000**	**7 months - 1 year £'000**	**13 months - 2 years £'000**	**2-5 years £'000**	**Total £'000**
Trade and other payables	792	—	—	—	—	792
Total	792	—	—	—	—	792

14. OBLIGATIONS UNDER FINANCE LEASES Group

There are no finance leases in the group or parent company.

15. SHARE CAPITAL

	2014	2013
	£'000	£'000
Allotted, issued and fully paid: Ordinary shares of 0.1p each		
At 1 January: Nil (2013: 5,884,866,333)	—	5,885
Issued in the year: Nil (2013: 13,031,667)	—	13
Cancelled in the year: Nil (2013: 5,897,880,000)	—	(5,898)
At 31 December: Nil (2013: Nil)	—	—

All ordinary shares carry equal participation in assets, rights to dividends and voting power.

There were no transaction costs deducted directly from equity in 2014.

	2014	2013
	£'000	£'000
Allotted, issued and fully paid: Ordinary shares of 5p each		
At January: 2,347,536 (2013: Nil)	117	—
Issued in the year: Nil (2013: 2,435,474)	—	121
Cancelled in the year: Nil (2013: 87,938)	—	(4)
At 31 December: 2,347,536 (2013: 2,347,536)	117	117

	2014	2013
	£'000	£'000
Allotted, issued and fully paid: Deferred shares of £2.379		
At January: Nil (2013: Nil)	—	—
Issued in the year: Nil (2013: 2,427,732)	—	5,777
Cancelled in the year: Nil (2013: 2,427,732)	—	(5,777)
At 31 December: Nil (2013: Nil)	—	—

On 16 July 2013 the Group 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 the 18 July 2013 the deferred shares were redeemed for £1 in their entirety and cancelled.

Under the share consolidation shareholders received 177 new ordinary shares of £0.05 for every 430,000 ordinary shares of £0.001 held as at the consolidation date of 15 July 2013. Shareholders whose total holding was less than 430,000 ordinary shares of £0.001 or whose total holding was not exactely divisible by 430,000 had the fractional entitlement settled by the Group buying back 102,483 ordinary shares of £0.05 on 25 July 2013.

Of the 102,483 shares bought back by the Company, 87,938 were cancelled and 14,545 were used to settle an invoice from Leapacross Ltd, a company of which John Standen is a director and major shareholder.

16a. **RESERVES AND ACCUMULATED PROFITS** Group

	Share premium account	Capital redemption reserve	Share options reserve	Translation reserves	Profit & Loss Reserve
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Opening Balance as at 1 January 2014	**740**	**4**	**797**	**(85)**	**4,060**
Loss for the year					(1,272)
Share option charge/(credit) for the year			(266)		428
Balance at 31 December 2014	**740**	**4**	**531**	**(85)**	**3,216**

	Share premium account	Capital redemption reserve	Share options reserve	Translation reserves	Profit & Loss Reserve
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Opening Balance as at 1 January 2013	**38,623**	**—**	**966**	**(85)**	**(37,255)**
Loss for the year					(2,545)
Transfer from share options reserve			(263)		263
Capital Reduction	(37,895)				37,895
Redemption and cancellation of deferred shares					5,777
Issue of new shares	12				
Share options charge/(credit) for the year			94		
Buyback and cancellation of ordinary shares		4			(75)
Balance at 31 December 2013	**740**	**4**	**797**	**(85)**	**4,060**

On 16 July 2013 the Group 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 the 18 July 2013 the deferred shares were redeemed for £1 in their entirety and cancelled.

As part of the share consolidation, mentioned above, the Group completed a court approved capital reduction on 25 July 2013 to cancel the share premium account of the parent 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.

16b. **RESERVES AND ACCUMULATED PROFITS** Company

	Share premium account	Capital redemption reserve	Share options reserve	Profit & Loss Reserve
	£'000	**£'000**	**£'000**	**£'000**
Opening Balance as at 1 January 2014	**12**	**4**	**602**	**7,999**
Loss for the year				(859)
Share option charge/(credit) for the year			(226)	374
Balance at 31 December 2014	**12**	**4**	**376**	**7,514**

	Share premium account	Capital redemption reserve	Share options reserve	Profit & Loss Reserve
	£'000	**£'000**	**£'000**	**£'000**
Opening Balance as at 1 January 2013	**37,895**		**771**	**(33,719)**
Loss for the year				(2,142)
Transfer from share options reserve			(263)	263
Capital Reduction	(37,895)			37,895
Redemption and cancellation of deferred shares				5,777
Issue of new shares	12			
Share options charge/(credit) for the year			94	
Buyback and cancellation of ordinary shares		4		(75)
Balance at 31 December 2013	**12**	**4**	**602**	**7,999**

A description of the movement in the reserves is provided on note 16a.

17. SHARE OPTIONS RESERVE

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Opening balance	**797**	966	**602**	771
Income and expenditure charge for the year in respect of the fair value of share based payments under share option awards	**162**	94	**148**	94
Expired and cancelled share options taken directly to reserves	**(428)**	(263)	**(374)**	(263)
Closing balance	**531**	797	**376**	602

Under International Financial Reporting Standard No. 2: Share Based Payments (IFRS 2) the fair value of share based payments are expensed in profit or loss throughout their vesting period. In accordance with the transitional provisions of IFRS 2, the fair value calculations have only been applied in respect of share based payment transactions granted after 7 November 2002 that had not vested by 1 November 2005.

Share option award schemes

The Group operates various equity-settled share option schemes (the "Schemes") for certain employees.

The awards outstanding can be summarised as follows:

	2014 Number of ordinary shares of £0.05	2013 Number of ordinary shares of £0.05
Scheme		
2014 EMI Share Option Plan (2014 EMI)	**328,665**	—
Enterprise Management Incentive Schemes (EMI)	**164**	164
Stand alone unapproved share options	**1,157**	3,188
Stanelco plc 2005 Unapproved Share Option Plan and Stanelco plc Employment Benefit Trust (2005 USOP)	**111,059**	111,059
Total	**441,045**	114,411

During 2013 the company completed a consolidation and sub-division of its existing ordinary shares £0.001 into new ordinary share of £0.05 (see note 15).

An amendment was therefore made to all the outstanding share options to reduce the number awarded and increase the excercise price to ensure that the options awarded give the option to purchase the same proportion of the Company for the same aggregate price.

Share schemes

During the year the Company granted share options under a new EMI share Option Plan (2014 EMI), a HM Revenue and Customs approved scheme. Up to 50% of the share options may vest on 4 October 2016 and the balance may vest on 4 October 2017 to the extent that performance conditions relating to an increase in the Company's share price are satisfied.

The EMI share option scheme is a HM Revenue and Customs approved scheme. Options are granted by the Board to employees of the company and UK subsidiaries at an exercise price equal to the market price at the date of grant. The options have a three year vesting period and can be exercised from commencement of the third anniversary and expiring ten years from the date of grant. Stand alone unapproved share options are granted to specific employees. Vesting and exercise terms are the same as those of the EMI scheme. The 2005 USOP scheme provides for the grant of options to executives and employees and Trustees of the Stanelco plc Employment Benefit Trust. Options are granted at an exercise price based on the market value on the date of grant. Options have a three year vesting period and can be exercised from the commencement of the third anniversary and expiring ten years from the date of grant. Performance conditions restrict the number of shares excercisable, further details can be found in the Director's remuneration report on pages 23 to 26 of this Report.

17. **SHARE OPTIONS RESERVE** continued

	Stand alone options	2005 USOP	EMI	2014 EMI
Balance outstanding at 1 January 2013	16,400,000	346,296,135	7,797,223	—
Granted	—	—	—	—
Lapsed	(16,000,000)	(76,481,128)	—	—
Effect of consolidation and sub-division of ordinary shares	(399,836)	(269,703,948)	(7,794,035)	—
Balance outstanding at 31 December 2013	164	111,059	3,188	—
Exercise prices of options outstanding at the period end in the range	25,994p	1,263p - 1,943p	9,413p - 46,158p	—
Weighted average exercise price of options outstanding at the year end	25,994p	1,548p	19,343p	—
Weighted average contractual life in months of options outstanding at the year end	13	52	14	—
Exercisable at the year end	164	111,059	3,188	—
Weighted average exercise price of options currently exercisable at the year end	25,994p	1,548p	19,343p	—

	Stand alone options	2005 USOP	EMI	2014 EMI
Balance outstanding at 1 January 2014	164	111,059	3,188	—
Granted	—	—	—	328,665
Lapsed	—	—	(2,031)	—
Balance outstanding at 31 December 2014	164	111,059	1,157	328,665
Exercise prices of options outstanding at the period end in the range	25,994p	1,263p - 1,943p	29,759p - 46,158pp	165p
Weighted average exercise price of options outstanding at the year end	25,994p	1,548p	36,775p	165p
Weighted average contractual life in months of options outstanding at the year end	1	40	10	53
Exercisable at the year end	164	111,059	1,157	—
Weighted average exercise price of options currently exercisable at the year end	25,994p	1,548p	36,775p	—

17. SHARE OPTIONS RESERVE continued

The weighted average exercise prices of options granted, exercised and lapsed during the year in pence were:

Year ended 31 December 2013

pence (after share consolidation)	Stand alone options	2005 USOP	EMI	2014 EMI
Options lapsed	10,021p	1,229p	—	—

Year ended 31 December 2014

pence	Stand alone options	2005 USOP	EMI	2014 EMI
Options granted	—	—	—	165
Options lapsed	9,413p	—	—	—

Outstanding share options by exercise price ranges

	2014		2013	
	Total	Exercisable	Total	Exercisable
Stand alone options				
0p - 12,000p	—	—	—	—
12,000p - 36,000p	**164**	**164**	164	164
Total	**164**	**164**	164	164
2005 USOP				
0p - 12,000p	**111,059**	**111,059**	111,059	111,059
Total	**111,059**	**111,059**	111,059	111,059
EMI				
0p - 12,000p	—	—	2,031	2,031
12,000p - 36,000p	**615**	**615**	615	615
36,000p +	**542**	**542**	542	542
Total	**1,157**	**1,157**	3,188	3,188
2014 EMI				
0p - 12,000p	**328,665**	—	—	—
Total	**328,665**	—	—	—

Public Equity Plan (PEP)

Under the terms of this plan executives are entitled to share a pool of value which equates to 15% of the increase in the value of the Group, based on total shareholder return, over and above a minimum hurdle of 10% per annum (non-compounded), over a three or four year period (as determined by the Remuneration Committee), subject to a financial underpin.

17. **SHARE OPTIONS RESERVE** continued

The financial underpin requires the Remuneration Committee to be satisfied at the end of the performance period that the pool of value to be distributed to the executives is consistent with the Group's underlying performance in respect of (i) growth in earnings, (ii) profit margins; and (iii) gearing. Following a review of the Group's performance against these measures, the Remuneration Committee may scale back (but not increase) the pool of value to be distributed.

Once it has been created, the pool of value will then be notionally allocated to participants in the PEP (executives and senior management) pro rata to the number of points they hold relative to 1,000,000 – being the maximum number of points which may be awarded under the PEP. 50% of the value so allocated to a participant will potentially be available at the end of the performance period with the other 50% potentially being available 12 months after the end of the performance period (subject to continued employment). The distributions are expected to be made in shares.

Additionally an agreement exists with the chairman which mirrors the terms of the PEP. Under this agreement, subject to the total shareholder return and financial underpin described above a cash sum will be paid equal to 0.9% of the additional value created in excess of the minimum hurdle rate on the same basis that value can be made available under the PEP.

	Points at 01/01/2014	2014 points allocation	Points at 31/12/2014
Points allocated to specific individuals	675,000	(675,000)	—
Points retained and available for allocation	325,000	(325,000)	—
Total	**1,000,000**	**(1,000,000)**	**—**

On 6 May 2014 all points awarded under the PEP were cancelled and the scheme replaced with the 2014 EMI.

18. **PROFIT AND LOSS ACCOUNT** Company

	2014 £'000	2013 £'000
Opening balance	**7,999**	(33,719)
Cancellation of 2,427,732 deferred shares	—	5,777
Cancellation of share premium account	—	37,895
Net buyback, and cancellation of 87,938 ordinary shares	—	(75)
Excess expenses on issue of share capital	**—**	—
Transfer from share option reserve	374	263
Retained loss for the year	(859)	(2,142)
Closing balance	7,514	7,999

In accordance with the concession granted under Section 408 Companies Act 2006, the profit and loss account of the holding company has not been separately presented. The retained loss of the holding company for the year is £859,000 (2013: retained loss £2,142,000).

19. **CAPITAL COMMITMENTS**

The Group had no capital commitments at 31 December 2014 and 31 December 2013.

20. COMMITMENTS UNDER OPERATING LEASES – LESSEE

At 31 December the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2014 £'000	2013 £'000
Land and buildings:		
Within one year	**50**	50
In the second to fifth years inclusive	**183**	200
After five years	**—**	33
Other operating leases:		
Within one year	**13**	13
In the second to fifth years inclusive	**24**	—
Total	**270**	296

None of the leases have any discounted periods or breakpoints within their remaining term.

21. PENSION COMMITMENTS

The Group makes contributions to personal pension plans schemes based on contractual terms. The contribution charge for the year was £67,000 (2013: £49,000).

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group and Company's financial instruments arise directly from operations and include cash, trade receivables, trade payables, lease finance and equity. The use of these instruments exposes the Group and Company to risk relating to exchange rate, liquidity, interest rates and credit.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT Continued

Foreign currency exchange rate risk

Within the Group, Bioplastics sales are predominantly priced in USD whilst the cost of sales are predominantly in Euros creating exchange rate risk. RF Applications sales are predominantly quoted in Sterling. The bespoke nature of most RF Applications sales allow for adverse and beneficial exchange rate movements to be reflected in the quoted price. The Group does not enter into forward foreign currency contracts.

The total foreign exchange gain recognised for the year in 2014 was £1,000 (2013: loss £24,000), which comprised of the foreign exchange loss from trading.

Interest rate risk

Currently the Group and Company do not have any external Loans or external Floating Rate Borrowings. Exposure to interest rate fluctuations is primarily with interest received on its cash asset. An increase or decrease of 1 per cent in market interest rates would have a circa £25,000 effect on interest income during 2014. Trade receivable and payables do not ordinarily attract interest and are therefore subject to fair value interest rate risk.

The interest rate exposure of the financial assets and liabilities of the Group as at 31 December 2014 is shown in the table below. The table includes trade receivables and payables as these do not attract interest and are therefore subject to fair value interest rate risk.

Group

Interest rate	Fixed £'000	Floating £'000	Zero £'000	Total £'000
Financial assets				
Cash and cash equivalents	—	2,393	—	2,393
Trade and other receivables	—	—	603	603
Totals	**—**	**2,393**	**603**	**2,996**
Financial liabilities				
Trade and other payables	—	—	1,189	1,189
Lease finance	—	—	—	—
Promissory notes	—	—	—	—
Totals	**—**	**—**	**1,189**	**1,189**

Company

Interest rate	Fixed £'000	Floating £'000	Zero £'000	Total £'000
Financial assets				
Cash and cash equivalents	—	1,748	—	1,748
Trade and other receivables	—	6,212	209	6,421
Totals	—	7,960	209	8,169
Financial liabilities				
Trade and other payables	—	—	752	752
Totals	—	—	752	752

Liquidity risk

The Group and Company fund activities from existing cash resources. Liquidity is managed over the medium term with appropriate steps taken to ensure adequate cash is available to fund the Group and Company's activities.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT Continued

Credit risk

The Group and Company's principal financial assets are cash and trade receivables. The credit risk arising from the Group and Company's trade receivables is reduced through prescribing credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Note 11 provides information regarding the effects of credit risk to the Group and Company.

23. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its Equity as capital. The Group has no external debt finance and hence gearing is not measured.

The Group manages its capital to ensure the entities in the Group are able to continue as going concerns whilst maximising the long-term return to stakeholders.

Equity comprises issued share capital, reserves and retained losses as disclosed in the consolidated statement of changes in equity.

The Group adheres to the capital maintenance requirements as set out in the Companies Act.

	2014 **£'000**	**2013** **£'000**
Total equity	4,523	5,633
Cash and cash equivalents	2,393	3,311

24. CONTRACTS IN WHICH DIRECTORS HAVE AN INTEREST

In 2013 the Company entered into a consultancy agreement with Leapacross Ltd, a company of which John Standen is a director and majority shareholder. Under the terms of this agreement Leapacross provided strategic consultancy advice for £28,000 plus VAT in 2013. There was no such contract in 2014.

25. CONTINGENT LIABILITIES

There are no contingent liabilities.

26. CONTROL

The Company's ordinary shares are publically traded on the Alternative Investment Market (AIM) of the London Stock Exchange. There is no single controlling party.

27. RELATED PARTY TRANSACTIONS

Details of share holdings in subsidiary companies are shown in note 10. Transactions between the Company and its subsidiary companies, which are related parties, have been eliminated on consolidation. The year end balances between the Company and its subsidiary companies are shown below:

	Amounts owed by related parties 2014 £'000	Amounts owed by related parties 2013 £'000	Amounts owed to related parties 2014 £'000	Amounts owed to related parties 2013 £'000
Stanelco RF Technologies Limited	**1,332**	1,759	**—**	—
InGel Technologies Limited	**—**	—	**—**	—
Biome Bioplastics Limited	**4,935**	3,830	**—**	—
Aquasol Limited	**—**	—	**(589)**	(589)
Stanelco Inc	**—**	—	**—**	—
Biotec Holding GmbH	**—**	—	**—**	—
Total	**6,267**	5,589	**(589)**	(589)

Included in the above are provisions against certain inter-company receivables as follows:

	2014 £'000	2013 £'000
Stanelco RF Technologies Limited	**10,000**	10,000
Stanelco Inc	**—**	—
Biome Bioplastics Limited	**3,595**	3,595
Ingel Technologies Ltd	**39**	39
Total	**13,634**	**13,634**

Intergroup provisions	2014 £'000	2013 £'000
Balance at the beginning of the year	**13,634**	13,634
Impact of foreign exchange movements	**—**	—
Impairment losses recognised	**—**	—
Amounts written off	**—**	**—**
Total	**13,634**	**13,634**

The balances are held at amortised cost. Impairment is assessed by calculating the present value of estimated future cashflows discounted at 12.25%.

Interest is charged from 1 January 2014 on net intercompany balances at 7.5% per annum unless the other company has available cash balances to settle the outstanding amount.

No collateral or guarantees are held for intergroup receivables and all are repayable on demand.

There was no intergroup trading during the year ended 31 December 2014 or in the year ended 31 December 2013.

Biome Technologies plc

North Road
Marchwood
Southampton
SO40 4BL
United Kingdom

Tel: +44 (0) 2380 867100
Email: info@biometechnologiesplc.co.uk

www.biometechnologiesplc.com