The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR")

27 March 2018

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

Preliminary Results

Biome Technologies plc announces its Preliminary Results for the year ended 31 December 2017.

Highlights

- Substantial increase of 36% in Group revenues in 2017 to £6.2m (2016: £4.6m)
- Growth in both Bioplastics and RF Technologies divisions
- Group EBITDA profit of £0.1m (2016: EBITDA loss of £0.2m on a like-for-like basis)
- Gross margins robust at 50% (2016: 51%)
- Cash generation takes Group cash position at 31 December 2017 to £2.3m (31 December 2016: £1.5m)

Paul Mines, Chief Executive Officer said:

"The Group has made substantial progress throughout the year across both divisions which resulted in an EBITDA profit for the Group. Strong demand across the RF division's existing product range and the change of public perception on plastic waste provide a supportive environment. As a result, the Board is confident in the Group's outlook for 2018."

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Chairman's Statement

Biome's turnover increased 36% in 2017 and an EBITDA positive result was achieved; a significant step for the Group. The performance in the enclosed statutory results stems from the pursuit of the Group's clear commercial strategy over the last four years. We believe that Biome is now in transformation from a loss-making company with an interesting technology portfolio to a company with a stable financial outlook and strong growth potential.

As we progress through the first quarter of 2018, I write against a very encouraging background for both of the Group's divisions. For the Bioplastics division, it is the increasing focus on plastic waste both in public opinion and amongst policy-makers. The need for alternatives is now clearly understood, providing encouragement for the future growth of bioplastic products. For the radio frequency (RF) division, it is the growing demand principally related to the roll-out of infrastructure investment in 5G telecommunications in Asia.

With both divisions experiencing strong interest from existing and prospective customers, sales opportunities are increasing and we are using our experience to widen and deepen the range of products that will help deliver our objectives. As a consequence, we have decided to increase our people investment in both divisions to ensure we can meet these demands.

Results

Group revenues were £6.2m (2016: £4.6m), reflecting material increases in revenues in both the Biome Bioplastics and Stanelco RF Technologies divisions. Gross margins at Group level were maintained at 50% (2016: 51%) ensuring that the Group recorded an EBITDA profit of £0.1m (2016: EBITDA loss of £0.2m, excluding the one-off settlement agreement income). The operating loss was reduced to £0.4m (2016: loss of £0.6m). The loss after taxation was £0.2m (2016: loss of £0.5m). The loss per share in 2017 was 10 pence (2016: loss per share of 21 pence).

Biome Bioplastics' revenues increased to £2.3m (2016: £1.6m) as a result of increased demand for the commercialised products from the US single-serve coffee market, as well as the increase in sales from the division's biodegradable non-woven filter for coffee pods, which were launched in the second half of 2016. The division recorded a slight EBITDA loss for the year of £0.1m (2016: EBITDA profit of £0.1m) due to costs incurred in customer support for their switch over to the biodegradable non-woven mesh. The resultant operating loss was £0.4m (2016: loss of £0.5m).

Within the Stanelco RF Technologies division, revenues increased to £4.0m (2016: £3.0m) as the division benefitted from the upturn in the fibre optic market. This increase in turnover resulted in a sharp increase in the EBITDA profit for the year to £1.4m (2016: £0.8m). Operating profits also increased to £1.3m (2016: £0.7m).

The Group continued to manage its cash position carefully, taking cash balances at 31 December 2017 to £2.3m (31 December 2016: £1.5m). This positive movement included the receipt of the one-off settlement agreement recorded in 2016 of £0.45m. The cash generated by operations, excluding the £0.45m settlement agreement mentioned above, was £0.2m (2016: cash generation £0.3m), which included a decrease of £0.2m in working capital, mainly the result of deposits on equipment orders in the RF division due for delivery in 2018. Capitalised investment in product development was £0.1m (2016: £0.5m).

Strategy

The Group's strategy has been, and remains, 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 and that are not reliant on government legislation. These products are driven by customer requirements and are compatible with existing manufacturing processes. They are market rather than technology-led.

The 2013 Annual Report, highlighted the three high-level Key Performance Indicators (KPIs) that the Board adopted for the business trajectory through to the end of 2017. A review of the three performance indicators is shown 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;

  In 2012, the Group sold its 50% share of Biotec and began a strong emphasis on its proprietary technology within the Bioplastics division. In 2013 no sales were generated from this KPI but in 2017 we had achieved sales of £0.4m. Since 2013 the Group has achieved cumulative annual revenue growth at 33%

- A highly differentiated product pipeline that will diversify our commercially-viable product ranges by 50% by 2017 and will fuel our sustained revenue growth;

  14% of 2017 revenue was generated from products introduced since 2013 and we have had greater success from sales of existing products than originally envisaged.

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

  This was achieved in 2015 and the Group recorded an EBITDA profit (before share options charges) for 2017 as a whole.

We knew the targets we set in the above KPIs were challenging but we felt that we had to let shareholders understand the scale of our ambition for the Group. Given the progress the Company has made over the last four years on the above KPIs, the Board has now adopted the following three high level KPIs to continue this ambitious momentum.

- Compound revenue growth of 25% per annum across the Group and 40% compound revenue growth in the Bioplastics division.

- Diversify the Group’s turnover by product and market to ensure that no one product or end customer contributes more than 15% of revenues by 2020.

- Increase investment in the Group’s next generation of products by spending significantly more per annum on average than the £0.3m per annum average spend over the previous strategic objective cycle.

We believe the above new KPIs demonstrate our ambition to create a strong, innovative and balanced business. As before, the Board will measure the Group’s performance against these new KPIs going forward and report to shareholders annually on progress.

Biome Bioplastics

Bioplastics made a significant breakthrough in 2017 with the adoption by one US customer of its revolutionary bio-degradable mesh for coffee pods. That customer is in the process of converting its mesh needs to Biome’s product exclusively and the financial impact of that will be felt in 2018. We are continuing with trials to encourage other producers to adopt our technology. We continue to develop innovations for the coffee-pod market, among others, and are currently in advanced trials to supply an improved ring product. If successful, this new product is expected to positively impact our second-half performance in 2018.

Encouraged by broader customer interest since the third quarter of 2017, the division is now undertaking a much wider range of development projects than it has before, with a variety of customers in different application sectors. These projects are expected to have commercialisation timescales that span from 2019 to 2022. To support this increased activity there will be further investment in resources, including the recruitment of scientific staff.

The division’s mid-term research activities continue to focus on the development of a new range of performance polymers derived from biomass. This work is based on the use of advanced industrial biotechnology techniques and is supported by a number of government grants. The challenge is to develop a new generation of bio-based and biodegradable plastic materials made through the use of synthetic biology, that are able to compete on cost and functionality with traditional petrochemicals. The technical feasibility of a number of these potential products has now been ascertained and work is now focused on the viability of production and commercial scale-up, potentially with partners.

Stanelco RF Technology

The RF division had an outstanding year in 2017. Furnace demand in Asia increased and the division sold very well into that opportunity. Based on current orders, this strong market is expected to continue into 2019.

During 2016, we reported on the division being awarded a contract to develop a new pipe-welding system. The initial development phase was completed in 2017 with the customer now commissioning the next phase to provide pre-production units during 2018. If this next phase is successful, it may lead to substantial production orders.

Additionally, the RF division has begun to sell products that complement its expertise outside the furnace market and early indications are positive that that strategy will be successful. Plans to further increase the product range to other radio frequency applications are well underway and 2018 is seeing the launch of several new induction heating products coupled with increased commercial activity in this area.

With an encouraging order book for 2018, the division is recruiting additional technical and commercial staff to support these activities.

Outlook

Both of our divisions have entered 2018 strongly. Given its current order book, the RF division should continue its growth trajectory from 2017. The Bioplastics division is addressing more development opportunities than ever before. Towards the end of 2018, some of these opportunities should add to Bioplastics' existing pipeline of sales.

To make the most of the improving business environment for our two divisions, investment in people and facilities is key to continued progress. With an improving financial profile we currently expect to increase costs by virtue of this investment by approximately £0.3m in 2018 and £0.4m on an annualised full year basis. The full impact of this investment cost will not be apparent until the 2019 financial year.

As a result of the above the Board is confident of maintaining positive progress in the short and medium term for shareholders.

John Standen
Chairman

Strategic Report

2017 delivered a step change in the performance of the Group with an EBITDA profit, excluding share option charges, of £0.1m (2016: EBITDA loss of £0.2m on a like-for-like basis, excluding the settlement income).

In Biome Bioplastics, there was higher demand for the commercialised products for the US single-serve coffee market as well as the division benefitting from the first full year of sales of the biodegradable non-woven mesh. As a result, turnover for the year increased 44% over the prior year.

Stanelco RF Technologies continued its good upward revenue trajectory following a successful 2016. Revenues in the year were supported by very strong demand in the optic furnace market and efforts continue to be made to open up new markets whilst maintaining the level of service to this key market.

The divisional sections below outline the strategies that will be adopted for 2018 and 2019 to meet the Group's objectives.

Biome Bioplastics Division

Revenues in the Bioplastics division increased to £2.3m (2016: £1.6m). This increase in revenues reduced the division's operating loss to £0.4m (2016: £0.5m).

Markets

Recent publicity, predominantly in the UK, has started shifting the public opinion away from the use of single use plastics that cannot be recycled. There remains a debate over the strategic direction of recycling versus biodegradability, but a sustained shift in public perception should help increase demand for the Company's products over the coming years.

The production costs of functional bioplastics are at a substantial 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 consumer 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: (i) those with a high technical performance requirement; (ii) those where the biomaterial costs are a small fraction of the end product price; or (iii) those where there is strong consumer interest in the end-of-life performance of the material.

It is in these three areas that Biome Bioplastics has continued to focus its research and development activities and has developed a number of technically leading products to match customer requirements. These products are at various stages of the commercial lifecycle. The Group uses the following categories to define the stages of its product lifecycle:

- Research phase – technology and product development occurring within Biome's own laboratories or at external support facilities
- Development phase – the product is being developed and tested with small scale supplies to customers for end use testing
- Initial Manufacturing phase – the product is signed off by the customer as suitable for its requirements but is now undergoing significant long-term testing to ensure the end product can be run in commercial quantities across the supply chain
- Commercial phase – the product has been through the above two phases with the customer and is now achieving regular and significant sales with the end product being purchased and used by the final consumer

Technical Development

Biome Bioplastic's development work remains focussed on innovative developments where there is a customer pull for the product and a willingness to pay a premium for the green attributes. During 2017, the development team continued to focus on supporting trials with existing and new customers to achieve innovative ways to expand the product streams sustainably.

The division's significant focus throughout the year was the completion of its range of products for the US single-serve coffee pod market. These products include materials for the outer packaging and lid, the ring of the pod, and mesh for the filter. Using all of these materials creates a fully compostable coffee pod. The outer packaging and lidding material have been in commercial production for over two years and 2017 was the first full year of sales of the division's innovative non-woven mesh with these sales of this product building over the course of the year. The material for the ring remains in the development phase.

The main focus of the business in 2017 was to assist new customers for the non-woven biodegradable mesh to enable their production lines to switch from existing PET-based products to our biodegradable offering. In addition, further work has been undertaken to develop the ring which is now in the latter stages of the development phase. Commercialisation of the ring is anticipated during 2018 and this product will complete our biodegradable single-serve US coffee pod offering.

As reported previously, Biome has been working on medium-term research into the transformation of lignocellulose (often agricultural waste) into low cost bioplastics using microbial and enzymatic routes. If successful, it is anticipated that this work will result in bioplastics at a cost comparable to current petro-based plastics which should transform the demand for bioplastics. This development work is supported by a number of research grants. The Company's specific targets are novel polyesters that are both bio-based and biodegradable. These new materials are showing interesting properties in lab-based testing and the focus in 2018 will switch to limited scale-up activities to allow broader testing. Various patent applications have been made to support the materials and technology under development.

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 is the supply of fibre optic furnaces, although the business continues in its strategic aims of diversifying its product streams into other areas utilising radio frequency technology. Total revenues in 2017 of £4.0m were substantially higher than the prior year (2016: £3.0m). This increase in revenues is attributable to very strong demand in the fibre optic furnace market. Operating profit for the period increased to £1.3m (2016: £0.7m).

The business currently 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 a customers' exact requirements. The global demand for optical fibre has increased in 2017 with customers making capital investments as part of the roll out of infrastructure investment in telecommunications, including "5G", in Asia.

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 either 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 2017, work in this area centred on the completion of the contract to develop a new pipe welding system. This work was successfully completed with Biome being commissioned for the next phase of this project.

The division increased its sales effort in the Induction Heating market in 2016. The benefits of this work are now being seen with further enquiries and orders being received in this sector.

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.

Principal risks and uncertainties

The business is 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 focus their product range on areas where demand is not reliant on government regulation.

The Group exports the majority of its products and therefore 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. In order to mitigate any adverse exchange rate movements, the Group looks to match the currency of its input costs with those of the contractual selling price.

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 seeks to negotiate best possible prices and actively pursues 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 are well versed in the regulatory environment of its end-use industries and regularly reviews its product portfolio to ensure compliance with relevant regulations.

Intellectual property

Although the Group attempts to protect its intellectual property, there is a risk that patents will not be issued with respect to applications now pending. Furthermore, there is a risk that patents granted or licensed to Group companies may not be sufficiently broad in their scope to provide protection against other third party technologies. The Group takes professional advice from experienced patent attorneys and works hard to win patents applied for and to ensure that the scope is sufficiently broad.

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

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

Competition

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

The Group aims to be ahead of the competition through working closely with customers to produce products that meet their exact requirements.

Commercialisation of new products

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. Specifically the risks associated with the product life cycle are as follows:

- Development phase – the development of the products may prove not to be technically feasible or do not exactly match the perceived customer need
- Manufacturing phase – whilst the product matches the customer needs it may not be able to be produced at the required commercial speeds and/or at the required efficiency and quality
- Commercialisation phase – the product may be superseded either through price or a competitor product being more advanced

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 or the economic benefits not probable 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 works closely with its customers to ensure that its products evolve to their requirements. In addition, the Group is constantly adding to its customer base and, as its revenues grow, seeks to become less dependent on any single customer.

Financial risks

The Group uses various financial instruments including cash, lease finance, equity and other items such as trade receivables and trade payables that arise directly from its operations. The existence of these instruments exposes the Group to a number of financial risks, the main ones being exchange rate risk, liquidity risk, interest rate risk and credit risk. The Directors review and agree policies for managing each of these risks and these are summarised in Note 22 to the Group's full financial statements for the year ended 31 December 2017.

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 KPIs which the Board uses to assess the performance of the Group are detailed in the Chairman's Statement. The Chairman's statement forms part of the Strategic Report.

The summary results for the Group are shown below.

	2017 £'m	2016 £'m	Growth
LIKE-FOR-LIKE COMPARISONS			
Revenues			
Biome Bioplastics	2.3	1.6	44%
RF Technologies	3.9	3.0	32%
Total revenues	**6.2**	**4.6**	**36%**
EBITDA (pre share option charges)			
Biome Bioplastics	(0.1)	0.1	
RF Technologies	1.4	0.8	
Central costs	(1.2)	(1.1)	
Like for Like EBITDA	**0.1**	**(0.2)**	
Other income	-	0.4	
Reported EBITDA	**0.1**	**0.2**	**(50%)**
Loss from Operations			
Biome Bioplastics	(0.4)	(0.1)	
RF Technologies	1.3	0.7	
Central Costs	(1.3)	(1.2)	
Like for Like Operating Loss	**(0.4)**	**(0.6)**	33%
Other income	-	0.4	
Intangible Impairment Charge	-	(0.4)	
	(0.4)	**(0.6)**	33%
Non-current assets	1.0	1.3	
Inventories	0.8	0.4	
Trade and other receivables	1.3	1.3	
Cash	2.3	1.5	
Trade and other payables	(2.1)	(1.0)	
Net assets	**3.3**	**3.5**	

Revenues

Group revenues increased in the year to £6.2m from £4.6m due to significant increases in revenues in both divisions.

In Stanelco RF Technologies, revenues benefitted from a strong fibre optic furnace market whilst Biome Bioplastics revenues were positively impacted by increased demand for its commercialised products and the effects of the first full year of sales from its new biodegradable non-woven mesh product.

EBITDA

EBITDA for the year was a profit of £0.1m (2016: loss £0.2m on a like-for-like basis excluding the settlement income). This improvement in EBITDA is a direct result of the increased performance of the Stanelco RF division. The contribution of Biome Bioplastics decreased due predominantly to increased costs incurred to support customers in the switch over of their production lines to the Company's biodegradable non-woven mesh. In addition, a lower level of development spend was capitalised in the year.

Operating profits/(losses)

The Group's loss from operations, on a like for like basis, reduced to £0.4m compared to £0.6m in the prior year.

Administrative costs across the Group in 2017 were £3.5m (2016: £3.4m). When the non-cash effects of depreciation, amortisation and share option charges are removed, the cash administrative expenses in 2017 increased to £3.0m compared to prior year (2016: £2.5m). This increase in expenses is attributable to increased staffing resources, as a result of the increased activity and lower levels of technical costs being capitalised as an intangible asset. These lower levels of capitalised costs are due to the focus of the technical team in supporting a customer in its initial switch over to our biodegradable non-woven mesh rather than development of new products which require the costs to be capitalised in the balance sheet under IFRS.

Investment in product development was £0.4m in the year (2016: £0.6m) of which £0.1m (2016: £0.5m) was capitalised in the year. Tax R&D claims resulted in a cash tax credit received in the year of £0.2m (2016: credit of £0.1m).

The Group's loss after tax for the year reduced to £0.2m (2016: loss after tax of £0.5m), giving a loss per share of 10p (2016: loss per share of 21p).

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 2017, there was £0.9m of capitalised development costs (2016: £1.2m) within the Group's balance sheet, of which £0.7m relates to BiomeMesh. An assessment is made at least annually which assumes future potential market take up of the products and the margins achievable.

Cashflow

	2017 £'m	2016 £'m
Cashflow on a Like for Like Basis		
Like for like loss from operations	(0.4)	(0.6)
Adjustment for non-cash items	0.5	0.4
Movement in working capital	0.6	0.5
Cash generated by operations	**0.7**	**0.3**
Investment activities	(0.1)	(0.5)
R&D Tax credit	0.2	0.1
Net increase/(decrease) in cash	**0.8**	**(0.1)**
Opening cash balance	1.5	1.6
Closing cash balance	**2.3**	**1.5**

The cash generated from operations, before working capital movements, was £0.1m (2016: cash utilisation of £0.2m on a like-for-like basis) reflecting the reduced loss from operations during 2017 compared to the prior period. Working capital decreased by a net £0.6m and is mainly the result of the receipt of the £0.45m settlement income which was recorded in other income in 2016 with the cash received in early 2017. As a result, the cash generated by operations during 2017 was £0.7m (2016: £0.3m).

Investment in the year in capitalised product development was £0.1m (2016: £0.5m). R&D tax credits received in the year were £0.2m (2016: £0.1m).

The closing cash position was £2.3m (2016: £1.5m). As mentioned above, the year end cash figure is positively impacted by the receipt of £0.45m for the settlement agreement recorded in 2017 as well as the positive EBITDA performance of the Group.

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 the forward order book and repeat business within the RF Division, and the anticipated increased volume from the new products, as they move from the manufacturing phase into the commercial phase of the product lifecycle, within the Bioplastics Division. Consequently, at the time of approving the financial statements, the Directors consider that the Company and the Group, in conjunction with its existing cash balances, 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.

By order of the Board.

Paul Mines
Chief Executive Officer

CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Note	2017 Total £'000	2016 Total £'000
REVENUE	**4a – 4b**	**6,233**	**4,587**
Cost of sales		**(3,131)**	**(2,246)**
GROSS PROFIT		**3,102**	**2,341**
Other income	**5**	-	450
Administrative expenses		(3,513)	(3,374)
LOSS FROM OPERATIONS	**4a – 4b, 6**	**(411)**	**(583)**
Investment revenue		**1**	**5**
Foreign exchange (loss)/gain		**(32)**	**2**
LOSS BEFORE TAXATION		**(442)**	**(576)**
Taxation	**7**	**210**	**77**
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(232)**	**(499)**
Basic and diluted loss per share – pence (continuing and discontinuing operations)	**8**	**(10)**	**(21)**

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 £'000	2016 £'000
NON-CURRENT ASSETS			
Other intangible assets	9	915	1,164
Property, plant and equipment	10	122	164
		1,037	1,328
CURRENT ASSETS			
Inventories	11	797	381
Trade and other receivables		1,335	1,345
Cash and cash equivalents		2,293	1,535
		4,425	3,261
TOTAL ASSETS		5,462	4,589
CURRENT LIABILITIES			
Trade and other payables	12	2,125	1,066
		2,125	1,066
TOTAL LIABILITIES		2,125	1,066
NET ASSETS		3,337	3,523
EQUITY			
Share capital		117	117
Share premium account		740	740
Capital redemption reserve		4	4
Share options reserve		219	454
Translation reserve		(85)	(85)
Retained profits/(losses)		2,342	2,293
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND TOTAL EQUITY		3,337	3,523

The financial statements were approved by the Board on 26 March 2018.

Signed on behalf of the Board of Directors

Paul R Mines (Chief Executive)
Declan L Brown (Group Finance Director)
26 March 2018

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
As at 31 December 2017

	Share capital £'000	Share premium account £'000	Capital Redemption Reserve £'000	Share options reserve £'000	Translation reserves £'000	Retained earnings £'000	Attributable to equity holders of the parent £'000	TOTAL EQUITY £'000
Balance at 1 January 2017	117	740	4	454	(85)	2,293	3,523	3,523
Share options charges in year	-	-	-	46	-	-	46	46
Cancellation of expired share options	-	-	-	(281)	-	281	-	-
Transactions with owners	-	-	-	(235)	-	281	46	46
Loss for the year	-	-	-	-	-	(232)	(232)	(232)
Total comprehensive income for the year	-	-	-	-	-	(232)	(232)	(232)
Balance 31 December 2017	117	740	4	219	(85)	2,342	3,337	3,337
Balance at 1 January 2016	117	740	4	542	(85)	2,597	3,915	3,915
Share options charges in year	-	-	-	107	-	-	107	107
Cancellation of expired share options	-	-	-	(195)	-	195	-	-
Transactions with owners	-	-	-	(88)	-	195	107	107
Loss for the year	-	-	-	-	-	(499)	(499)	(499)
Total comprehensive income for the year	-	-	-	-	-	(499)	(499)	(499)
Balance 31 December 2016	117	740	4	454	(85)	2,293	3,523	3,523

CONSOLIDATED STATEMENT
OF CASH FLOWS
For the year ended 31 December 2017

	2017 £'000	2016 £'000
Loss from operations	(411)	(583)
Adjustment for:		
Amortisation and impairment of intangible assets	355	653
Depreciation of property, plant and equipment	64	64
Share based payments	46	107
Foreign exchange	(26)	-
Cash generated before movement in working capital	28	241
(Increase)/decrease in inventories	(417)	664
Decrease/(increase) in receivables	5	(8)
Increase/(decrease) in payables	1,059	(561)
Cash utilised by operations	675	336
Corporation tax received	210	77
Interest paid	-	-
Net cash inflow from operating activities	885	413
Cash flows from investing activities		
Interest received	1	5
Investment in intangible assets	(106)	(452)
Purchase of property, plant and equipment	(22)	(19)
Net cash used in investing activities	(127)	(466)
Net increase/(decrease) in cash and cash equivalents	758	(53)
Cash and cash equivalents at beginning of year	1,535	1,588
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents at end of year	2,293	1,535

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2017

1. NON-STATUTORY FINANCIAL STATEMENTS
The financial information set out in this preliminary results announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2017 or 2016 but is derived from those financial statements. Statutory financial statements for 2016 have been delivered to the Registrar of Companies. Those for 2017 will be delivered following the Company's Annual General Meeting, which will be convened on 24 April 2018. The auditors have reported on those accounts: their reports on those financial statements were unqualified and did not contain statements under Section 498 of the Companies Act 2006.

The financial statements, and this preliminary statement, of the Group for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 26 March 2018 and the balance sheet was signed on behalf of the Board by Paul R Mines and Declan L Brown.

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

3. BASIS OF CONSOLIDATION
The Group financial statements consolidate the results of the Company and all of its subsidiary undertakings drawn up to 31 December 2017. Subsidiaries are entities over which the Group has 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 2017 the subsidiary undertakings were Biome Bioplastics Limited, Stanelco RF Technologies Limited, Aquasol Limited, and InGel Technologies Limited (dormant).

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

4a. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2017

	Bioplastics 2017 £'000	RF Technologies 2017 £'000	Central Costs 2017 £'000	Total 2017 £'000
Revenue from external customers	2,279	3,954	-	6,233
(LOSS)/PROFIT FROM OPERATIONS	(421)	1,338	(1,328)	(411)
Investment revenue				1
Foreign exchange loss				(32)
LOSS BEFORE TAXATION				(442)
TOTAL ASSETS	1,795	1,380	2,287	5,462

4b. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2016

	Bioplastics 2016 £'000	RF Technologies 2016 £'000	Central Costs 2016 £'000	Total 2016 £'000
Revenue from external customers	1,585	3,002	-	4,587
(LOSS)/PROFIT FROM OPERATIONS	(60)	713	(1,236)	(583)
Investment revenue				5
Foreign exchange gain				2
LOSS BEFORE TAXATION				(576)
TOTAL ASSETS	2,247	659	1,683	4,589

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

5. OTHER INCOME

On 18 January 2017, the Group announced that it had entered into a settlement agreement with third parties regarding legacy technology licencing arrangements involving the use of Aquasol's historic technology. As part of the settlement agreement, Aquasol received £450,000 as part of a mutual release of obligations by the parties. The income was recorded in the results for the year to 31 December 2016 whilst the cash was received at the beginning of 2017. The patents associated with this technology are no longer in force.

6. EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AND AMORTISATION

The Group, and divisions, define earnings before interest, taxation, depreciation and amortisation ("EBITDA") as the operating profit or loss adjusted for share option charges, executive incentive scheme charges, depreciation and amortisation. The Group EBITDA is reconciled as follows:

	2017 £'000	2016 £'000
Operating loss	(411)	(583)
Amortisation	355	653
Depreciation	64	64
Share option scheme charges	46	107
Executive incentive scheme charges	54	25
EBITDA	108	266

7. TAXATION

The Group's policy is to recognise tax credits resulting from tax R&D claims on a cash received basis. The claim in respect of the year ended 31 December 2016 has now been settled. A tax credit has, therefore, been recognised in the Group's financial statements in respect of that claim.

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the loss attributable to the equity holders of the parent for the year of £232,000 (2016: loss of £499,000) and a weighted average of 2,347,536 (2016: 2,347,536) ordinary shares in issue.

9. OTHER INTANGIBLE ASSETS

During the year there was a capitalisation of £106,000 of product development costs (2016: £452,000). The amortisation charge for the year was £355,000 (2016: £653,000, which included a one-off impairment charge of £379,000).

10. PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment of £22,000 were acquired in the year (2016: £19,000). The depreciation charge for the year was £64,000 (2016: £64,000).

11. TRADE AND OTHER RECEIVABLES
Trade and other receivables were at comparable levels year on year with an increase in trade debtors, as a result of the timing of shipments at the year end, being offset by the £450,000 receivable in the prior year balance sheet, see note 5.

12. TRADE AND OTHER PAYABLES
Trade and other payables increased in the year due mainly to increase in deposits taken within the Stanelco RF division for equipment orders which will be supplied in 2018.