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")

28 March 2019

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

Preliminary Results

Biome Technologies plc announces its Preliminary Results for the year ended 31 December 2018.

Highlights

- Substantial 44% increase in Group revenues in 2018 to £8.9m (2017: £6.2m)
- Exceptionally strong year for revenues in the Stanelco RF division whilst Bioplastics' division's revenues decreased
- Bioplastics' division ended the year with a substantial increase in the number of projects underway and consequent widening of its customer base and expects this to lead to growth in 2019
- Group EBITDA profit of £0.6m (2017: EBITDA profit of £0.1m) with Group operating profit of £0.1m (2017: loss of £0.4m)
- Cash generation takes Group cash position at 31 December 2018 to £2.6m (31 December 2017: £2.3m)

Paul Mines, Chief Executive Officer said:

"2018 saw an exceptionally good performance from the Group's Stanelco RF division in both revenues and profitability. For the Bioplastics division, the public's change in perception of plastic waste has ushered in an increase in the number of customer-led projects that will lay the foundations for growth for 2019 and the coming years. As a result, the Board is confident in the Group's outlook for 2019."

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About Biome

Biome Technologies plc is an AIM listed, growth-orientated, commercially driven technology group. Our strategy is founded on building market-leading positions based on patented technology and serving international customers in valuable market sectors. We have chosen to do this by developing products in application areas where the 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 Group comprises two divisions, Biome Bioplastics Limited and Stanelco RF Technologies Limited. Biome Bioplastics is a leading developer of highly-functional, bio-based and biodegradable plastics. The

company's mission is to produce bioplastics that challenge the dominance of oil-based polymers. Stanelco RF Technologies designs, builds and services advanced radio frequency (RF) systems. Dielectric and induction heating products are at the core of a product offering that ranges from portable sealing devices to large furnaces for the fibre optics markets.
In 2018, the Board has adopted the following three high level KPIs for the next three years to continue its 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

www.biometechnologiesplc.com
www.biomebioplastics.com and http://www.thinkbioplastic.com/
www.stanelcorftechnologies.com

Chairman's Statement

2018's performance encompassed both an exceptional revenue and profit performance in the Stanelco RF division along with a substantial increase in the number of projects underway and consequent widening of the customer base in the Bioplastics division. The Group recorded a pre-tax profit for the year, was cash flow positive, and ended the year with exceptionally good prospects for its Bioplastics division.

We undertook a recruitment drive to bolster the above trends and this is partly reflected in the increase in costs for 2018, although the full impact will be seen during 2019. We believe that the growth in turnover and the widening of end uses for the materials of the Bioplastics division will be crucial in successfully achieving our KPIs to 2020 and we expect to report positive news in this regard during 2019. We are striving to position our Group as a future leader in the field of plant-based bioplastic materials.

Results

Group revenues totalled £8.9m (2017: £6.2m), reflecting material increases in the Stanelco RF division. Gross margins at Group level increased to 54% (2017: 50%), largely as a result of changes in product mix.

The Group's profit before interest, taxation, depreciation, amortisation, and share option scheme charges ("EBITDA") increased to £0.6m (2017: EBITDA profit of £0.1m) and it also recorded an operating profit of £0.1m (2017: loss of £0.4m). The profit after taxation was £0.1m (2017: loss of £0.2m). The basic earnings per share in 2018 was 6 pence (2017: loss per share of 10 pence).

The year saw a substantial increase in activity levels in both divisions, with headcount increasing from an average of 27 employees in 2017 to an average of 37 in 2018. Within the Stanelco RF division, headcount increased by four employees, relating mainly to increased engineering requirements and sales personnel to cover the manufacturing and delivery requirements associated with the significant revenue increase. Within the Bioplastics division an additional two employees were recruited to supplement UK sales capability and broaden the near-term technical development base. Moreover, an increase in government grants allowed the acceleration of the Group's mid-term Industrial Biotechnology research activity (in conjunction with UK universities) through the recruitment of an additional four scientists/engineers on fixed term contracts.

The Bioplastics' division's revenues decreased in the year to £1.9m (2017: £2.3m) as a result of lower demand for outer packaging for the US single-serve coffee market. This decrease was partially offset by increases elsewhere in the division's other product lines, including the biodegradable non-woven filter for coffee pods. The division recorded an EBITDA loss for the year of £0.5m (2017: EBITDA loss of £0.1m) due to the lower turnover levels and the increase in headcount mentioned above. The resultant operating loss was £0.8m (2017: loss of £0.4m).

The Stanelco RF division's revenues increased to £7.0m (2017: £4.0m) as the division benefitted from exceptional demand in the fibre optic furnace market. This increase in turnover resulted in a sharp increase in the division's EBITDA profit for the year to £2.7m (2017: £1.4m). Operating profit also increased to £2.6m (2017: £1.3m).

The Group has continued to manage its cash position carefully, taking cash balances at 31 December 2018 to £2.6m (31 December 2017: £2.3m). The cash generated by operations was £0.7m (2017: cash generation £0.2m, excluding a one-off settlement receipt of £0.45m). The year-end working capital position remained the same as that at the end of 2017. Capitalised investment in product development was £0.3m (2017: £0.1m).

Markets

The Stanelco RF division operates in a mature market niche, with its revenues principally driven by demand for fibre optic cable to provide greater data capacity on mobile networks and increases in internet traffic due to services such as video streaming. Stanelco RF's major product lines are sophisticated furnaces which allow the fibre to be stretched from a rod of glass and produced in large quantities. China and India are the principal geographic markets for these furnaces and demand has been very strong over the past two years. Our recent market intelligence indicates that the market has slowed down considerably, due to overcapacity and the well-publicised trade related issues that these countries are experiencing. Future mid-term demand can be regarded in a positive light, albeit dependant on new generations of internet expansion. It is considered to be a cash-generative cyclical business by the Board.

Biome Bioplastics operates in a burgeoning emerging market with very significant growth potential. Such growth is subject to sustained consumer sentiment and favourable regulatory stimulus. It is a young market and our business model is to focus on developing and manufacturing new materials in conjunction with innovative “early-adopter” businesses which are interested in replacing oil-based materials with those derived from plants or other ecological sources. Our portfolio of products continues to expand and ranges from materials with good temperature stability performance to those that can be incorporated in multi-layer laminate structures conveying barriers and hence can deliver shelf-life performance. Sales growth with a number of key customers will propel our success and continuous investment in new materials is paramount.

Strategy

The Group’s strategy continues to be 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 we feel that the Group has a competitive advantage in terms of skillset, where a premium price can potentially be charged, and where we are not reliant on government legislation or policy. These products are driven by customer requirements and are compatible with existing manufacturing processes and our focus is on supplying market requirements rather than being technology-led.

The 2017 Annual Report highlighted the three high-level Key Performance Indicators (KPIs) that the Board adopted for the business trajectory through to the end of 2020. Whilst these KPIs were set with attainment at the end of a three-year horizon in mind, the following reviews their status as at the end of year one:

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

  For 2018 the Group exceeded this target although the target was not met 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.

  This was not achieved as turnover was dominated by the exceptional demand for fibre optic furnaces.

- 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.

  The Group met this target in 2018 with £0.8m spent in the year of which £0.3m was on developing its near-term product pipeline plus an additional £0.5m on its medium-term Industrial Biotechnology programme (supported by various government grants).

Biome Bioplastics

The Bioplastics division had a mixed year. Revenue dropped due to significantly lower sales volumes of materials for outer packaging application in the single serve US coffee market. However, during the period other sales, including the non-woven mesh filter, increased by more than 50%.

In line with our strategy to diversify the customer base the division has attracted new customer interest from both the US and European markets and as reported in recent statements there are a number of projects which have the potential to substantially increase sales in 2019. The first of these projects is to supply a rigid ring to the coffee market that is heat stable. This project is at an advanced stage with revenues continuing to be anticipated to commence in quarter two of 2019. Additional projects which are scheduled to commercialise in 2019 are for a novel material for a single serve nutrition pod, disposable cutlery for the US market, and a plastic film-based product.

The division has also increased headcount in the year in both the sales and technical functions in order to address the increased potential customer requirements from a number of territories and applications for a biodegradable solution. Worthy of particular note is the shift of public perception in the UK with regard to plastic waste and the potential change of legislative positions on plastics packaging. Local interest in bioplastics has increased significantly and the division is actively engaged in working with a number of customers and other parties to establish whether this will lead to a significant change in market demand.

The division's medium-term research activities in Industrial Biotechnology 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 with an additional grant of £0.6m over two years having been awarded at the end of 2018. This work is undertaken in conjunction with various leading universities. The focus of this research work has identified several novel polymers, which can be derived from the production of bio-based monomers. These polymers are subject to patent applications and work continues to determine the commercial viability of these new materials at a larger scale.

Stanelco RF Technology

The Stanelco RF division had a record year in 2018 primarily driven by the requirement for equipment for fibre optic cable production for use in the construction of telecommunications and data infrastructure in Asia. This demand has led to a record number of fibre optic furnaces being built and delivered in the year. We regard the level of demand in 2018 as an exception rather than a maintainable level. It should be noted that the order book for fibre optic furnaces for 2019 is lower than that of the comparable period a year ago and therefore revenues from this division for 2019 are anticipated to be lower than the exceptional level achieved in 2018 but higher than those in 2017.

The contract to develop a new pipe-welding system continues with the pre-production units due to be delivered in 2019. If this phase is successful then it is anticipated that it will lead to substantial production orders.

The Stanelco RF division remains committed to a strategy to sell products that complement its expertise outside the furnace market. During 2018 the division successfully designed, built, and delivered a product to be used in the metal processing market. Further diversification in this thematic area is being pursued.

Outlook

Several substantial opportunities within the Bioplastics division's markets are progressing actively and, in this context, the Board continues to expect a gradual but sustained increase in Bioplastics revenues as the year progresses.

For the Stanelco RF division, 2018 was an exceptional year with a record number of deliveries of optic fibre furnaces. There will be a period whilst these deliveries are incorporated into our customers' manufacturing process and before they undertake significant further expansion. Therefore, revenues in 2019 are anticipated to be at a lower level than the £7m achieved in 2018, but higher than the £4m achieved in 2017.

The Board remains committed to delivering its strategy and current trading for both divisions is in line with the expectations set out above.

John Standen
Chairman

Strategic Report

2018 delivered an increased performance in Group EBITDA of £0.6m (2017: £0.1m) which led to the Group achieving an operating profit of £0.1m (2017: operating loss of £0.4m).

In the Bioplastics division, lower levels of turnover were a result of a significant drop in the sales of outer packaging for the US single serve coffee market. This decrease was partially offset by an increase in other sales, including the biodegradable non-woven mesh for coffee pods, of over 50%. The resultant effect of this was a fall in turnover of the Bioplastics division for the year of 17% over the prior year.

The Stanelco RF division had an exceptional year driven by very strong demand in the optic furnace market with record numbers of furnaces being sold in the year. Turnover for the division increased 76% over the prior year.

The divisional analysis below outline the strategies that will be adopted for 2019 and 2020 to meet the Group's objectives.

Biome Bioplastics Division

Revenues in the Bioplastics division decreased to £1.9m (2017: £2.3m). This decrease in revenues, relating to an existing product, belies the increased activity and enquiry levels that currently exist in the Bioplastics division. It is to accommodate this increased activity, which is anticipated to generate revenues over the short and medium term, that staffing and consequently overheads were increased during the year. The increased headcount was focussed on sales and technical resource within the existing first generation of products and also on research technologists on fixed term contracts, supported by government grants, for the next generation Industrial Biotechnology work. The net effect of the decrease in revenues, along with increased overhead, increased the division's operating loss to £0.8m (2017: £0.4m).

Markets

Interest and public awareness in the management of plastic waste and its effect on the environment came into the spotlight in 2018. This is exemplified by media interest and a shift in public opinion in the UK which has increased the enquiry levels for the division. There still remains a debate over the strategic direction of the treatment of plastic waste in the UK, with Biome lobbying for composting to be a meaningful part of the mix. With regard to single use packaging plastics, incumbent interests are focused on recycling options albeit, with renewed interest in universal food-waste collection, anaerobic digestion and composting infrastructure (that suit bioplastics) which may gain further traction. This is perhaps best exemplified by the UK Plastics Pact that is a coalition of companies that accounts for some 80% of consumer packaging in the UK market. Under the UK Plastics Pact two specific targets for 2025 are:

- 100% of packaging to be reusable, recyclable or compostable
- 70% of packaging effectively recycled or composted

Both of these targets provide reason for optimism in the development of bioplastics in the UK over the coming years.

The increased production costs of functional bioplastics over petro-chemical plastics remains a considerable hurdle in the wide spread adoption of bioplastics. The market is therefore driven by government legislation or the willingness of the consumer end-user to pay a premium for biodegradability/compostability.

The Bioplastics division therefore focuses on areas of the market that are best suited to accommodate this price differential, namely: (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.

Research and development within the Bioplastics division is therefore focussed on these three areas and in particular targeted towards customer requirements for a biodegradable solution. A variety of our products are at various stages of the commercial lifecycle and these are categorised in the following stages of the 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 and 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 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 requirement for the product and a willingness to pay a premium for the environmental attributes. During 2018, the development team continued to focus on supporting trials with existing and new customers to achieve innovative ways to expand the product streams and diversify the customer base.

The division's main focus throughout the year has been to:

- transfer production of the biodegradable non-woven mesh to the US from Europe, in order to increase capacity and be closer to the customer base,
- develop a rigid ring to complete our suite of products for the US coffee pod market,
- the development of the materials for a novel and innovative pod for the nutrition market, and
- a plastic film-based product for the North American market.

The development of the rigid ring is nearing the commercial phase of its development cycle with initial revenues continuing to be anticipated to commence in the second quarter of 2019. The innovative pod for the nutrition market is entering the initial manufacturing phase. The plastic film project is earlier in its product lifecycle and is currently in the development phase.

During 2018 the Bioplastics division also continued its work in Industrial Biotechnology medium-term research into the transformation of lignocellulose (often sourced from 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 has the potential to transform the demand for bioplastics. This development work is supported by a number of research grants and another grant was awarded in the year amounting to £0.6m over two years to focus on the pilot scale production of one of the supporting monomers. Research expenditure, both in terms of headcount and other sub-contracting and materials costs, was increased in the year as some of the projects reach their conclusion and work is transferred from the universities. Patent applications have been made to support the materials and technology under development.

Stanelco RF Technologies Division

The Stanelco RF division 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 2018 of £7.0m were substantially higher than the prior year (2017: £4.0m). This increase in revenues is attributable to record numbers of fibre optic furnaces being sold and delivered into the market. Operating profit for the period increased to £2.6m (2017: £1.3m).

The business currently focuses on four key revenue streams:

Optical Fibre Furnace Systems

The Stanelco RF division is a world leader in the design and manufacture of induction furnace systems used in the manufacture and processing of silica glass "preforms" to produce optical fibre. Each system is bespoke to a customers' exact requirements. The global demand for optical fibre has increased in 2018 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 agent for Forsstrom High Frequency AB, which extends Stanelco's product offering into larger plastic welding equipment.

Induction Heating Equipment

In 2018, work in this area centred on the next phase of the previously reported contract to develop a new pipe welding system. This next phase is due to complete in 2019 with the delivery of the pre-production units.

The division has increased its sales effort in the induction heating market and in 2018 sold its first unit into the metal processing 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.

Brexit

There is a considerable risk that the UK will leave the European Union without a 'deal' or with less than optimal arrangements in place, which could lead to short term turmoil and uncertainty in the ability to import and export goods between the UK and European Union and uncertainty as to the rights of employees within the Group who come from the European Union.

The majority of the Bioplastics products that are produced in the European Union are sold either locally into the continental European market or exported directly to the US market. Deliveries of these goods are not therefore transported through the UK and therefore import and export delays are not considered a significant risk for the division.

The Stanelco RF division focusses on bespoke equipment which is designed to the customers' specification. These items have a lead time of over a month and therefore there is the ability to incorporate increased time required to export to the European Union if required.

The Group employs a number of European Union nationals and is providing assistance to them in applying to the EU Settlement Scheme in order to secure their employment eligibility and rights post the UK's exit from the European Union.

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 restricted supply with a limited number of suppliers.

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, either through price or technical performance, 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 rather than offering “off the shelf” solutions.

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:

- Research and Development phase – the development of the products may prove not to be technically feasible or do not exactly match the perceived customer need
- Initial 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, then this could have a significant impact on the Group's results.

The Group works closely with its customers with the aim of ensuring that its products evolve in line with their requirements. In addition, the Group is continually seeking to add 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 21 to the Group's full financial statements for the year ended 31 December 2018.

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 then this 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.

LIKE-FOR-LIKE COMPARISONS	2018 £'m	2017 £'m	Growth
Revenues			
Biome Bioplastics	1.9	2.3	(17%)
RF Technologies	7.0	3.9	76%
Total revenues	**8.9**	**6.2**	**42%**
EBITDA (pre share option charges)			
Biome Bioplastics	(0.5)	(0.1)	
RF Technologies	2.7	1.4	
Central costs	(1.6)	(1.2)	
Reported EBITDA	**0.6**	**0.1**	
Profit/(loss) from Operations			
Biome Bioplastics	(0.8)	(0.4)	
RF Technologies	2.6	1.3	
Central Costs	(1.7)	(1.3)	
Like for Like Operating Profit/(loss)	**0.1**	**(0.4)**	
Non-current assets	1.1	1.0	
Inventories	1.0	0.8	
Trade and other receivables	0.9	1.3	
Cash	2.6	2.3	
Trade and other payables	(1.8)	(2.1)	
Net assets	**3.8**	**3.3**	

Revenues

Group revenues increased in the year to £8.9m from £6.2m due to significant increases in revenues in the Stanelco RF division.

In Stanelco RF Technologies, revenues benefitted from exceptional demand for strong fibre optic furnaces market whilst Biome Bioplastics revenues were impacted by a drop in sales of outer packaging for the US single serve coffee market.

The Group also adopted IFRS 15, the new international accounting standard for revenue recognition, on 1 January 2018 and, following a review of all revenue streams, no changes have been required for either 2018 or the prior year comparative.

EBITDA

EBITDA for the year was a profit of £0.6m (2017: profit of £0.1m). This improvement in EBITDA is a direct result of the increased performance of the Stanelco RF division. The contribution of Biome Bioplastics decreased due to lower sales plus also an increase in overhead in sales and technical resources for the current generation of products, and also an increase in overhead to accelerate the government grant backed medium term Industrial Biotechnology initiatives.

Operating profits/(losses)

The Group recorded an operating profit for the year of £0.1m compared to an operating loss of £0.4m in the prior year.

Administrative costs across the Group in 2018 were £4.7m (2017: £3.5m). When the non-cash effects of depreciation, amortisation and share option charges are removed, the cash administrative expenses in 2018 increased to £4.2m compared to prior year (2017: £3.0m). This increase in expenses is mainly attributable to a £0.4m increase within the Stanelco RF division, due to increased headcount, temporary resource, and travel, to accommodate the large increase in activity levels, a £0.4m increase in the grant backed Industrial Biotechnology research work as the development reached a stage which enabled the partial transfer of activities from the participating universities to the Company, plus a £0.4m increase in central costs which is due to incentive scheme costs plus increased building costs as a result of additional space being needed for the increased activity levels.

Investment in product development was £0.9m in the year (2017: £0.4m), which includes the development work in the grant backed Industrial Biotechnology, of which £0.3m (2017: £0.1m) was capitalised in the year. Tax R&D claims resulted in a receivable being accrued in the year of £0.1m (2017: credit of £0.2m).

The Group recorded a profit after tax for the year of £0.1m (2017: loss after tax of £0.2m), giving a basic earnings per share of 6p (2017: loss per share of 10p).

Balance sheet

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

As at 31 December 2018, there was £0.9m of capitalised development costs (2017: £0.9m) 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

Cashflow	2018 £'m	2017 £'m
Profit/(loss) from operations	0.1	(0.4)
Adjustment for non-cash items	0.6	0.5
Movement in working capital	-	0.6
Cash generated by operations	**0.7**	**0.7**
Investment activities	(0.4)	(0.1)
R&D Tax credit	-	0.2
Net increase/(decrease) in cash	**0.3**	**0.8**
Opening cash balance	2.3	1.5
Closing cash balance	**2.6**	**2.3**

The cash generated from operations, before working capital movements, was £0.7m (2017: cash generation of £0.1m) reflecting the substantial increase in trading performance from the Stanelco RF division during 2018 compared to the prior period. Working capital movements were flat in the year compared to a net inflow of £0.6m in the prior year. As a result, the cash generated by operations during 2018 was £0.7m (2017: £0.7m).

Investment in the year in capitalised product development and capex was £0.4m (2017: £0.1m). R&D tax credits were received in 2019 and therefore there was no cash effect in 2018 (2017: £0.2m).

The resultant closing cash position was £2.6m (2017: £2.3m).

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, prospects, and repeat business within the Stanelco 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 2018

	Note	2018 Total £'000	2017 Total £'000
REVENUE	**4a – 4b**	**8,850**	**6,233**
Cost of sales		**(4,042)**	**(3,131)**
GROSS PROFIT		**4,808**	**3,102**
Administrative expenses		(4,745)	(3,513)
PROFIT/(LOSS) FROM OPERATIONS	**4a – 4b, 5**	**63**	**(411)**
Investment revenue		**4**	**1**
Foreign exchange (loss)/gain		**17**	**(32)**
PROFIT/(LOSS) BEFORE TAXATION		**84**	**(442)**
Taxation	**6**	**59**	**210**
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**143**	**(232)**
Basic earnings/(loss) per share – pence	**7**	**6**	**(10)**
Diluted earnings/(loss) per share - pence	**7**	**5**	**(10)**

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
As at 31 December 2018

	Note	2018 £'000	2017 £'000
NON-CURRENT ASSETS			
Other intangible assets	8	918	915
Property, plant and equipment	9	185	122
		1,103	1,037
CURRENT ASSETS			
Inventories	10	955	797
Trade and other receivables		873	1,335
Cash and cash equivalents		2,614	2,293
		4,442	4,425
TOTAL ASSETS		5,545	5,462
CURRENT LIABILITIES			
Trade and other payables	11	1,792	2,125
		1,792	2,125
TOTAL LIABILITIES		1,792	2,125
NET ASSETS		3,753	3,337
EQUITY			
Share capital		118	117
Share premium account		805	740
Capital redemption reserve		4	4
Share options reserve		316	219
Translation reserve		(85)	(85)
Retained profits/(losses)		2,595	2,342
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND TOTAL EQUITY		3,753	3,337

The financial statements were approved by the Board on 27 March 2019.

Signed on behalf of the Board of Directors

Paul Mines (Chief Executive)
Declan Brown (Group Finance Director)
27 March 2019

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
As at 31 December 2018

	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 2018	117	740	4	219	(85)	2,342	3,337	3,337
Share options charges in year	-	-	-	218	-	-	218	218
Issue of share capital	1	54	-	-	-	-	55	55
Exercise of share options	-	11	-	(11)	-	-	-	-
Cancellation of expired share options	-	-	-	(110)	-	110	-	-
Transactions with owners	1	65	-	97	-	110	273	273
Profit for the year	-	-	-	-	-	143	143	143
Total comprehensive income for the year	-	-	-	-	-	143	143	143
Balance 31 December 2018	118	805	4	316	(85)	2,595	3,753	3,753
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

CONSOLIDATED STATEMENT
OF CASH FLOWS
For the year ended 31 December 2018

	2018 £'000	2017 £'000
Profit/(Loss) from operations	63	(411)
Adjustment for:		
Amortisation and impairment of intangible assets	290	355
Depreciation of property, plant and equipment	57	64
Share based payments	218	46
Foreign exchange	16	(26)
Cash generated before movement in working capital	644	28
(Increase)/decrease in inventories	(158)	(417)
Decrease/(increase) in receivables	521	5
Increase/(decrease) in payables	(277)	1,059
Cash utilised by operations	730	675
Corporation tax received	-	210
Interest paid	-	-
Net cash inflow from operating activities	730	885
Cash flows from investing activities		
Interest received	4	1
Investment in intangible assets	(293)	(106)
Purchase of property, plant and equipment	(120)	(22)
Net cash used in investing activities	(409)	(127)
Net increase/(decrease) in cash and cash equivalents	321	758
Cash and cash equivalents at beginning of year	2,293	1,535
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents at end of year	2,614	2,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

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 2018 or 2017 but is derived from those financial statements. Statutory financial statements for 2017 have been delivered to the Registrar of Companies. Those for 2018 will be delivered following the Company's Annual General Meeting, which will be convened on 24 April 2019. 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 2018 were authorised for issue by the Board of Directors on 27 March 2019 and the balance sheet was signed on behalf of the Board by Paul Mines and Declan 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 2018. 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 2018 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 2018

	Bioplastics 2018 £'000	RF Technologies 2018 £'000	Central Costs 2018 £'000	Total 2018 £'000
Revenue from external customers	**1,890**	**6,960**	**-**	**8,850**
(LOSS)/PROFIT FROM OPERATIONS	**(792)**	**2,601**	**(1,746)**	**63**
Investment revenue				**4**
Foreign exchange loss				**17**
PROFIT BEFORE TAXATION				**84**
TOTAL ASSETS	**1,846**	**945**	**2,754**	**5,545**

4b. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2017

	Bioplastics	RF Technologies	Central Costs	Total
	2017	2017	2017	2017
	£'000	£'000	£'000	£'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 gain				**(32)**
LOSS BEFORE TAXATION				**(442)**
TOTAL ASSETS	**1,795**	**1,380**	**2,287**	**5,462**

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

5. 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, depreciation and amortisation. The Group EBITDA is reconciled as follows:

	2018	2017
	£'000	£'000
Operating profit/(loss)	63	(411)
Amortisation	290	355
Depreciation	57	64
Share option scheme charges	218	46
EBITDA	628	54

6. TAXATION

The Group's policy is to recognise tax credits resulting from tax R&D claims on a cash received basis. The claim in respect of the year ended 31 December 2017 has now been settled with the cash received in January 2019. A tax credit has, therefore, been recognised in the Group's financial statements in respect of that claim.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to the equity holders of the parent for the year of £143,000 (2017: loss of £232,000) and a weighted average of 2,357,986 (2017: 2,347,536) ordinary shares in issue for basic earnings per share and a weighted average of 2,782,194 (2017: 2,347,536) ordinary shares in issue for diluted earnings per share.

8. OTHER INTANGIBLE ASSETS

During the year there was a capitalisation of £293,000 of product development costs (2017: £106,000). The amortisation charge for the year was £290,000 (2017: £355,000).

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of £120,000 were acquired in the year (2017: £22,000). The depreciation charge for the year was £57,000 (2017: £64,000).

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables decreased in the year due to a lower level of trade debtors due to the timing of shipments, predominantly of furnaces within the Stanelco RF division, at the year end.

12. TRADE AND OTHER PAYABLES

Trade and other payables decreased in the year due mainly to lower levels of deposits within the Stanelco RF division and also lower levels of trade creditors.