

5 May 2011

Biome Technologies plc (“the Group”)

Trading Update

In advance of its Annual General Meeting today, Biome Technologies plc issues a trading update for the three months ended 31 March 2011.

Highlights

- Group revenues increased by 113% in the three months to 31 March 2011 compared with the same period last year, taking quarterly revenues to £5.6m
- Trading performance ahead of the Board’s expectations:
 - Biome Bioplastics exhibits revenue growth of 96% in the first quarter of the year compared with the same period in 2010;
 - Biotec’s third party revenues grow at 110% - following easing of a raw material supply constraint;
 - Stanelco RF Technologies shows growth of 179% on same period last year
- £2.0m debt facility announced today will help fund future working capital requirements as the bioplastics business continues to grow
- Closing cash position at 31 March 2011 of £3.5m
- Board confident in outlook

Trading Update

Group revenues increased from £2.6m to £5.6m in the three months to 31 March 2011, an increase of 113% compared with the same period last year. This reflected a 96% increase in bioplastic sales made by Biome Bioplastics (the UK based bioplastics business), a 110% increase in third party sales from the Group’s joint venture, Biotec and a 179% increase in sales in Stanelco RF Technologies division.

The Board also announces today a secured debt facility of up to £2.0m with Fortis Commercial Finance. Given the rate of increase in revenue in the first quarter, this facility will provide access to additional working capital funding for Biome Bioplastics to support such a growth path. This facility has a two year term and its quantum is governed by various attributes of the debtor balance of Biome Bioplastics. The Group had a cash balance of £3.5m at 31 March 2011.

Bioplastics Division

In the Bioplastics Division, revenues increased by 104% from £2.3m to £4.6m in the three months to 31 March 2011 compared with the same period last year. This reflected a 96% increase in sales in Biome Bioplastics to £1.4m and a 110% increase in third party sales from Biotec, which benefitted particularly from an easing of a constraint in the supply chain of one of its raw materials.

Biome Bioplastics saw a significant increase in the demand for its portfolio of products in the first quarter of 2011 with a 61% increase on the last quarter of 2010. In addition to growth with existing customers, it has been particularly encouraging to see an increasing number of new customers beginning to purchase significant quantities of bioplastic as they make their own product launches. These new customers are based in both Europe and the Americas and cover a number of sectors including horticulture, electronics and food.

As previously highlighted, growth in the last quarter of 2010 was restrained by capacity issues in the supply chain to Biotec. This constraint has now eased somewhat but supplies have yet to stabilise fully. Biome Bioplastics continues to build a broader technology and supply base that is helping to mitigate such issues.

This increased growth rate in the products of Biome Bioplastics, and the market more broadly, appears to be driven by a number of factors:

- legislation with regard to plastic products and waste disposal in Europe
- a pick-up in interest in bio-based/biodegradable products in the Americas and Asia
- price rises and volatility in competing oil based materials
- the improved functionality of bioplastics (such as the BiomeHT heat stable range of materials)
- growing awareness of bio-based options for brand owners

These factors look likely to continue to stimulate the market through 2011 albeit adoption and growth rate by sectors and geography will vary. Managing the raw material supply chain will remain important with crop prices reaching an all time real price high in February 2011 (as measured by the Food and Agricultural Organisation of the United Nations).

Prospects for the Bioplastics Division are very encouraging and the business intends to continue to build its product and customer portfolio at a sustainable rate.

Stanelco RF Technologies Division

The Stanelco RF Technologies Division continues to perform strongly with revenues increasing by 179% to £0.9m in the three months to 31 March 2011 compared with the same period last year.

The optical fibre furnace segment of the business continues to be particularly robust with sales reflecting continuing investment in this market in both Europe and Asia. Enquiries and orders for both the plastic welding and induction heating segments of the business are encouraging.

With increased interest in Stanelco RF products in both new markets and application areas, the business is taking steps to broaden its sales and support network.

Outlook

The Board is pleased with the continued growth performance of the Bioplastics Division and in particular from Biome Bioplastics that has continued to broaden its technology base and gain new customers in a variety of applications at an increasing rate. This level of growth will be challenged by commodity prices and availability of product; consequently margins will have to be managed particularly carefully in this environment.

Stanelco RF Technologies continues to perform very strongly. The division is providing a growing level of profit and cash contribution to the Group.

Trading has been slightly above the Board's expectations in the first quarter. With continued growth in demand and supply side material availability, coupled with the Group's new debt facility, Biome is well placed to continue delivering on its growth based strategy through 2011 and into 2012.

- Ends -

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Notes to Editors

Listed on AIM in July 2010, the activities of Biome operate in two divisions; Bioplastics and Stanelco RF Technologies. Both divisions are underpinned by the Group's skills in the commercialisation and development of innovative technology.

The Group's core strategy is to develop and broaden its bioplastics business organically and is engaged with a variety of large-scale international customers and partners on a number of key commercial and development partnerships. These target applications in the food, horticulture and the electronics markets, amongst others, further enhance the Group's existing and new product development.