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")

29 March 2017

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

Preliminary Results

Biome Technologies plc announces its Preliminary Results for the year ended 31 December 2016.

Highlights

- Group revenues in 2016 of £4.6m (2015: £4.9m)
- Group EBITDA of £0.2m (2015: EBITDA loss of £0.3m), including one-off benefit of £0.4m settlement income
- Gross margin improvement resulting in reduced EBITDA loss, on a like-for-like basis, to a loss of £0.2m (2015: loss £0.3m), excluding settlement income
- Gross margin increased to 51% (2015: 43%)
- Group cash position at 31 December 2016 of £1.5m (31 December 2015: £1.6m), excluding £0.45m received under the settlement agreement following the period end

Paul Mines, Chief Executive Officer said:

"The Group delivered a solid performance in 2016 and has carried significant momentum into 2017. Within the Stanelco RF division the order book is robust and also has a strong enquiry pipeline to support our aims. The Biome Bioplastics division has made significant progress in the launch of its filter material and the Board expects this new product to move into the commercialisation phase in 2017.

The Group's cash position remains robust and the Board remains confident in the Group's outlook for 2017."

For further information please contact:

Biome Technologies plc
Paul Mines, Chief Executive Officer
Declan Brown, Group Finance Director
www.biometechnologiesplc.com Tel: +44 (0) 2380 867 100

Allenby Capital
David Hart/Richard Short (Nominated Adviser)
Chris Crawford/Kelly Gardiner (Broker)
www.allenbycapital.com Tel: +44 (0) 20 3328 5656

FTI Consulting
Oliver Winters Tel: +44 (0) 20 3727 1535
www.fticonsulting.com

Chairman's Statement

The results for 2016 show some improvement in profitability over the previous year, albeit they do not demonstrate the step-change in underlying performance we had expected earlier in the year.

Whilst revenues and EBITDA from the Stanelco RF Technologies division remained robust throughout the year, the performance of Biome Bioplastics was constrained by both softness in its already commercialised technologies and delays to new product launches with its customers.

Despite this, significant progress was made in the second half of 2016 towards the new product launches from both a technical and commercial perspective, resulting in initial sales from an important new revenue stream. As a result, we are moving into 2017 with a positive outlook about the Group as our new products approach the commercialisation phase.

In addition, the Group's cash resources have been further strengthened by the settlement of legacy licensing arrangements with a third party at the end of 2016 and the resultant cash receipts of £0.45m in early 2017.

Results

Group revenues were £4.6m (2015: £4.9m), reflecting a slight decrease in revenues in the Biome Bioplastics division. However, the Group achieved a gross margin increase to 51% (2015: 43%), from both product mix and efficiency gains, which ensured that EBITDA improved on a like-for-like basis, excluding the one-off impact of the settlement income, to a reduced loss of £0.2m (2015: loss £0.3m). Including the settlement agreement income, the Group generated an EBITDA profit of £0.2m. The operating loss was reduced to £0.6m (2015: loss of £0.8m). The loss after taxation was £0.5m (2015: loss of £0.7m). The loss per share in 2016 was 21 pence (2015: loss per share of 31 pence).

Biome Bioplastics' revenues decreased to £1.6m (2015: £1.9m) as we were not able to move our product suite forward through the manufacturing phase as fast as we had anticipated at the beginning of the year. We gained traction in the second half of 2016 and are more encouraged as we saw initial quantities of the new BiomeMesh filter product sold. The division maintained its EBITDA profit for the year at £0.1m (2015: EBITDA profit of £0.1m) as increased government grants and improved efficiencies offset the decrease in revenues. As a result of a one-off increase in the amortisation charge of £0.4m taken against the division's intangible assets, the resultant operating loss for the division was £0.5m (2015: loss of £0.2m).

Within the Stanelco RF Technologies division, revenues were sustained at £3.0m (2015: £3.0m) as the division continues to diversify its product range whilst maintaining its position in the fibre optic market. Operational efficiencies resulted in EBITDA profit for the year of £0.8m (2015: £0.7m). Operating profits also increased to £0.7m (2015: £0.6m).

Cash

The Group's cash position continued to be managed prudently throughout the year, with a cash position at 31 December 2016 of £1.5m (31 December 2015: £1.6m). This excludes £0.45m received under the settlement agreement mentioned above which was received in January 2017. Over the course of the year, the cash generated by operations was £0.3m (2015: cash utilisation £0.4m), which included a decrease of £0.5m in working capital as a result of the delivery of various equipment orders in the RF division, that were in build at the end of 2015 and also the timing of deposits on new RF division equipment orders. Investment in product development was £0.5m (2015: £0.4m).

Strategy

The Group's strategy 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 is not reliant on government legislation. These products are driven by customer requirements and existing manufacturing processes, rather than being technology-led.

The 2013 Annual Report, highlighted the three high level Key Performance Indicators (KPIs) that the Board had adopted for the business trajectory through to the end of 2016. As at the end of 2015, a review of progress against these indicators showed that the Group had substantially met, or was on course to meet, these indicators by the end of 2016. However, performance in 2016 did not demonstrate the momentum in the new products within Biome Bioplastics that was originally anticipated. This is considered a delay rather than a change to the underlying business prospects and on this basis the KPIs have been extended a further year 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;

  cumulative annual revenue growth of 32% has been achieved by the Group since 2013 with the RF division achieving the 40% target.

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

  24% of 2016 revenue was generated from products introduced since 2013 with the main reason for the shortfall attributed to the delay in commercialising the new products in the Bioplastics division.

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

  the Group recorded a quarterly EBITDA profit, before incentive scheme and share option charges, in each of quarter three and quarter four of 2015. This was followed by quarterly EBITDA profits in quarter one and quarter four of 2016.

Biome Bioplastics

The division's focus throughout the year was to complete 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 fully commercial for over two years with substantial and repeat sales. The ring and mesh are in the development phase. Whilst substantial progress was made in completing the development and moving into a commercial phase for the ring and the mesh in 2016, progress was slower than anticipated. Initial sales of the mesh were made in the last quarter of the year and it is anticipated that this product will move into the commercialisation phase in 2017.

The division's mid-term research activities remain to develop bio-based materials through the use of synthetic biology. This activity is aimed at developing a new generation of bioplastics that can be made closer to the cost of traditional petro-chemicals. This development work remains very encouraging, with another feasibility study being completed in the year with encouraging results. This work is supported by the award of government grants.

Stanelco RF Technology

The Stanelco RF Technologies division maintained the substantial progress it made in 2015 by recording another year of £3.0m revenues. Product mix and production efficiencies also enabled margin improvement over the course of the year.

During the year the division successfully delivered both systems for its contract for advanced analytical equipment to a UK regulated industry and continued its strategic aim to diversify its product range. In addition, a further contract was awarded to develop a new pipe-welding system. If successful, this may lead to substantial production orders. The division also delivered a number of furnaces in its core fibre optic market with demand in this core market appearing to be stable.

Outlook

Trading in 2017 has begun in an encouraging manner within both divisions.

Within the Stanelco RF division the order book is robust and also has a strong enquiry pipeline to support our aims.

The Biome Bioplastics division achieved an important milestone in 2016 with its first significant customer for its ground-breaking BioMesh material and this achievement is confidently expected to lead to further customers for this product in 2017.

As a result of the above the Board is confident in achieving its objectives for the year.

John Standen
Chairman

Strategic Report

On a like-for-like basis, excluding the settlement income, the Group reduced its overall loss and made a full year EBITDA loss of £0.2m following central costs (2015: EBITDA loss of £0.3m). Both the Biome Bioplastics and Stanelco RF Technologies divisions recorded an EBITDA profit for the year. The Group achieved an EBITDA profit (excluding share option charges and settlement income) in quarters one and four during the year.

In Biome Bioplastics, whilst demand was soft in the first half, the second half of the year saw substantially higher sales ahead of the prior year second half. The division also made substantial progress in commercialising the coffee pod ring and filter material which the Company anticipates will move into the commercialisation phase in 2017. As a result, turnover for the year decreased slightly from the prior year. With initial sales of the mesh recorded in 2016, the Group anticipates that the ramp up and move into the commercialisation phase of this product will enhance the Group's performance in coming periods.

Stanelco RF Technologies continued its good progress following a successful 2015. Furthermore, the division successfully delivered the two advanced analytical equipment systems to a UK regulated industry, thereby proving it could diversify its radio frequency technology into other segments of the market in addition to its core fibre optic offering.

The divisional sections below outline the strategies that will be adopted for 2017 and 2018 to meet the Group's objectives.

Biome Bioplastics Division

Revenues in the Bioplastics division decreased to £1.6m (2015: £1.9m). However, the business made margin improvements in the year which offset the revenue shortfall, recording an EBITDA profit of £0.1m (2015: £0.1m).

Markets

The production costs of functional bioplastics are at a substantive premium to materials that are of petro-chemical origin. This differential is a result of scale, functionality and input costs and will not be resolved in the short term. Adoption of today's bioplastics is therefore reliant on either legislative drivers or a willingness from the end-user to pay a premium for either functional or "green" attributes.

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

It is in these areas that Biome Bioplastics has continued to focus its research and development activities and has developed a number of technically leading products to match customer requirements. These products are at various stages of the commercial lifecycle with some in full commercial use and others at various stages of development. The Group defines the product lifecycle phases as follows:

- 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 is based on market-led innovation where a clear need is perceived and where the business can gain technology leadership in the sector. During 2016 the development team has continued to focus on supporting trials with existing and new customers where a biodegradable alternative is actively sought by the end customer and the market dynamics support the premium cost associated with providing this attribute.

The main focus of the business was to complete the development of two specific products, for the ring and the mesh, which complete the product offering for the US single-serve coffee pod. The ring is in the latter stages of the development phase whilst the mesh is in the initial manufacturing phase with small scale sales being made in the second half of 2016 and substantial testing being undertaken to ensure that sustained levels of commercial production can be achieved.

Work continues on medium-term research into the transformation of lignocellulose into low cost bioplastics using microbial and enzymatic routes. This work is supported by a number of grants that follow on from an initial feasibility grant completed in 2014. A further feasibility study was completed in 2016 which showed very encouraging results. Further grant applications are being made with regards to scale up work for these processes.

Investment by Biome Bioplastics in product development for the year was £0.6m (2015: £0.5m) with a substantial element of the development spend for a biodegradable non-woven mesh.

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 to diversify its product range, based on its radio frequency technology, to increase its potential customer base. Total revenues in 2016 of £3.0m were in line with the prior year (2015: £3.0m). This maintains the level of turnover on what was already a successful 2015 level. Encouragingly, 33% of this turnover was achieved from new customers and markets developed over the last three years. Further operational efficiencies were also achieved which ensured that the operating profit for the period increased to £0.7m (2015: £0.6m) from a comparable turnover base.

The business focuses on four key revenue streams:

Optical Fibre Furnace Systems

Stanelco RF Technologies is a world leader in the design and manufacture of induction furnace systems used in the manufacture and processing of quartz glass “preforms” to produce optical fibre. Each system is bespoke to customers’ exact requirements. The global demand and supply equilibrium for optical fibre remained stable during 2016 with customers making capital investments to replace existing aged capacity.

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 2016, work in this area centred on the completion and delivery of the previously announced contract for the design and build of two advanced analytical equipment systems for a regulated industry. Both of these systems were successfully delivered in the year and give further reference points for the divisions ability to utilise its core radio frequency technology in a variety of industries.

Service and Spares

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

Expenses

The management team continues to focus on cost efficiency. Administration costs were £3.4m (2015: £2.9m), which included a one off accelerated amortisation charge on one of Biome Bioplastics intangible assets of £0.4m. Excluding this one-off charge, administration cost increases were restricted to 2% from the prior year. This increase reflects an additional two members of staff to support sales growth and increase the technical capacity.

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 2016.

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.

	2016 £'m	2015 £'m	Growth
LIKE-FOR-LIKE COMPARISONS			
Revenues			
Biome Bioplastics	1.6	1.9	(16%)
RF Technologies	3.0	3.0	0%
Total revenues	**4.6**	**4.9**	**(6%)**
EBITDA (pre share option charges)			
Biome Bioplastics	0.1	0.1	0%
RF Technologies	0.8	0.7	14%
Central costs	(1.1)	(1.1)	0%
Like for Like EBITDA	**(0.2)**	**(0.3)**	**33%**
Other income	0.4	-	
Reported EBITDA	**0.2**	**(0.3)**	
Loss from Operations			
Biome Bioplastics	(0.1)	(0.2)	50%
RF Technologies	0.7	0.6	17%
Central Costs	(1.2)	(1.2)	0%
Like for Like Operating Loss	**(0.6)**	**(0.8)**	25%
Other income	0.4	-	
Intangible Impairment Charge	(0.4)	-	
	(0.6)	**(0.8)**	25%
Non-current assets	1.3	1.6	
Inventories	0.4	1.0	
Trade and other receivables	1.3	1.3	
Cash	1.5	1.6	
Trade and other payables	(1.0)	(1.6)	
Net assets	**3.5**	**3.9**	

Revenues

Group revenues decreased in the year from £4.9m to £4.6m due to the reduced number of campaign runs in the first half of the year for outer packaging material within the Biome Bioplastics division.

In Stanelco RF Technologies, revenues were maintained at £3.0m with sales in a diverse range of industries.

EBITDA

On a like for like basis, the EBITDA loss reduced to a loss of £0.2m (2015: loss £0.3m). This improvement in EBITDA was a direct result of operational efficiencies in the Stanelco RF division. The contribution of Biome Bioplastics was broadly unchanged, as was the level of Central Costs.

Inclusive of the settlement agreement income of £0.45m the Group achieved an EBITDA profit of £0.2m.

Operating profits/(losses)

The Group's loss from operations, on a like for like basis, reduced to £0.6m compared to £0.8m in the prior year. Including the one off other income received from the settlement agreement, and the one off intangible asset impairment charge, the reported operating loss reduced to £0.6m (2015: £0.8m)

Administrative costs across the Group in 2016 were £3.4m (2015: £2.9m). When the non-cash effects of depreciation, amortisation and share option charges are removed, the recurring administrative expenses in 2016 increased to £2.5m (2015: £2.4m). This increase in expenses is mainly the result of an additional two members of staff, adding to the sales team within the Stanelco RF division and an additional technical resource within the Biome Bioplastics division.

Product development costs of £0.5m (2015: £0.4m) were capitalised in the year. Tax R&D claims resulted in a cash tax credit received in the year of £0.1m (2015: credit of £0.1m).

The Group's loss after tax for the year reduced to £0.5m (2015: loss after tax of £0.7m), giving a loss per share of 21p (2015: loss per share of 31p).

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 2016, there was £1.2m of capitalised development costs (2015: £1.4m) within the Group's balance sheet, of which £0.9m relates to BiomeHT and BiomeMesh. An assessment is made at least annually which assumes future potential market take up of the products and the margins achievable. An impairment charge was taken in the year against one of Biome Bioplastics product developments. This reflects that whilst the development remains in the medium term plan for the business, the returns cannot be classified as probable.

Cashflow

	2016 £'m	2015 £'m
Cashflow on a Like for Like Basis		
Like for like loss from operations	(0.6)	(0.8)
Adjustment for non-cash items	0.4	0.5
Movement in working capital	0.5	(0.1)
Cash utilised by operations	**0.3**	**(0.4)**
Investment activities	(0.4)	(0.4)
Net increase/(decrease) in cash	**(0.1)**	**(0.8)**
Opening cash balance	1.6	2.4
Closing cash balance	**1.5**	**1.6**

The cash utilised from operations, on a like for like basis, before working capital movements, was £0.2m (2015: £0.3m), reflecting the reduced loss from operations during 2016 compared to the prior period. Working capital decreased by a net £0.5m as a result of the timing of deliveries on equipment sales in build during the 2015 year end and also the timing of deposits for orders taken in quarter four of 2016. As a result, the cash generated by operations during 2016 was £0.3m (2015: utilisation £0.4m).

Investment in the year in product development was £0.5m (2015: £0.4m), offset by the receipt of R&D tax credits of £0.1m (2015: £0.1m).

The closing cash position was £1.5m (2015: £1.6m). The other income for the settlement agreement was received in January 2017 whilst the impairment charge was a non-cash item. As such these one off items do not impact the 2016 cash position.

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 2016

	Note	2016 Total £'000	2015 Total £'000
REVENUE	**4a – 4b**	**4,587**	**4,882**
Cost of sales		**(2,246)**	**(2,759)**
GROSS PROFIT		**2,341**	**2,123**
Other income	**5**	450	-
Administrative expenses		(3,374)	(2,904)
LOSS FROM OPERATIONS	**4a – 4b, 6**	**(583)**	**(781)**
Investment revenue		**5**	**7**
Foreign exchange (loss)/gain		**2**	**(18)**
LOSS BEFORE TAXATION		**(576)**	**(792)**
Taxation	**7**	**77**	**59**
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(499)**	**(733)**
Basic and diluted loss per share – pence (continuing and discontinuing operations)	**8**	**(21)**	**(31)**

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
As at 31 December 2016

	Note	2016 £'000	2015 £'000
NON-CURRENT ASSETS			
Other intangible assets	9	1,164	1,365
Property, plant and equipment	10	164	209
		1,328	1,574
CURRENT ASSETS			
Inventories	11	381	1,045
Trade and other receivables		1,345	1,334
Cash and cash equivalents		1,535	1,588
		3,261	3,967
TOTAL ASSETS		4,589	5,541
CURRENT LIABILITIES			
Trade and other payables	12	1,066	1,626
		1,066	1,626
TOTAL LIABILITIES		1,066	1,626
NET ASSETS		3,523	3,915
EQUITY			
Share capital		117	117
Share premium account		740	740
Capital redemption reserve		4	4
Share options reserve		454	542
Translation reserve		(85)	(85)
Retained profits/(losses)		2,293	2,597
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND TOTAL EQUITY		3,523	3,915

The financial statements were approved by the Board on 28 March 2017.

Signed on behalf of the Board of Directors

Paul R Mines (Chief Executive)
Declan L Brown (Group Finance Director)
28 March 2017

CONSOLIDATED STATEMENT

OF CHANGES IN EQUITY

As at 31 December 2016

	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 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
Balance at 1 January 2015	117	740	4	531	(85)	3,216	4,523	4,523
Share options charges in year	-	-	-	125	-	-	125	125
Cancellation of expired share options	-	-	-	(114)	-	114	-	-
Transactions with owners	-	-	-	11	-	114	125	125
Loss for the year	-	-	-	-	-	(733)	(733)	(733)
Total comprehensive income for the year	-	-	-	-	-	(733)	(733)	(733)
Balance 31 December 2015	117	740	4	542	(85)	2,597	3,915	3,915

CONSOLIDATED STATEMENT
OF CASH FLOWS
For the year ended 31 December 2016

	2016 £'000	2015 £'000
Loss from operations	**(583)**	**(781)**
Adjustment for:		
Amortisation and impairment of intangible assets	**653**	**275**
Depreciation of property, plant and equipment	**64**	**65**
Share based payments	**107**	**125**
Foreign exchange	**-**	**(17)**
Operating cash flows before movement in working capital	**241**	**(333)**
(Increase)/decrease in inventories	**664**	**(33)**
Decrease/(increase) in receivables	**(8)**	**(468)**
Increase/(decrease) in payables	**(561)**	**397**
Cash utilised by operations	**336**	**(437)**
Corporation tax received	**77**	**59**
Interest paid	**-**	**-**
Net cash outflow from operating activities	**413**	**(378)**
Cash flows from investing activities		
Interest received	**5**	**7**
Investment in intangible assets	**(452)**	**(423)**
Purchase of property, plant and equipment	**(19)**	**(11)**
Net cash used in investing activities	**(466)**	**(427)**
Net increase/(decrease) in cash and cash equivalents	**(53)**	**(805)**
Cash and cash equivalents at beginning of year	**1,588**	**2,393**
Effect of foreign exchange rate changes	**-**	**-**
Cash and cash equivalents at end of year	**1,535**	**1,588**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016

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 2016 or 2015 but is derived from those financial statements. Statutory financial statements for 2015 have been delivered to the Registrar of Companies. Those for 2016 will be delivered following the Company's Annual General Meeting, which will be convened on 24 April 2017. 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 2016 were authorised for issue by the Board of Directors on 28 March 2017 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 2016. 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 2016 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 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 loss				2
LOSS BEFORE TAXATION				(576)
TOTAL ASSETS	2,247	659	1,683	4,589

4b. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2015

	Bioplastics 2015 £'000	RF Technologies 2015 £'000	Central Costs 2015 £'000	Total 2015 £'000
Revenue from external customers	**1,871**	**3,011**	**-**	**4,882**
(LOSS)/PROFIT FROM OPERATIONS	**(157)**	**608**	**(1,232)**	**(781)**
Investment revenue				**7**
Foreign exchange loss				**(18)**
LOSS BEFORE TAXATION				**(792)**
TOTAL ASSETS	**1,816**	**2,181**	**1,544**	**5,541**

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 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:

	2016 £'000	2015 £'000
Operating loss	(583)	(781)
Amortisation	653	275
Depreciation	64	65
Share option scheme charges	107	125
Executive incentive scheme charges	25	84
EBITDA	266	(232)

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 2015 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 £499,000 (2015: loss of £733,000) and a weighted average of 2,347,536 (2015: 2,347,536) ordinary shares in issue.

9. OTHER INTANGIBLE ASSETS

During the year there was a capitalisation of £452,000 of product development costs (2015: £423,000). The amortisation charge for the year was £653,000, including a one off impairment charge of £379,000 (2015: £275,000).

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of £19,000 were acquired in the year (2015: £11,000). The depreciation charge for the year was £64,000 (2015: £65,000).

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables decreased in the year as a result of the timing of fibre optic deliveries at the end of 2015 which were paid for during 2016.

12. TRADE AND OTHER PAYABLES

Trade and other payables decreased in the year due mainly to decreases in the Stanelco RF division. This is due to the high level of equipment order build on the regulated industry contract which was delivered in 2016.