

02 September 2015

**Biome Technologies plc**  
**(“Biome”, “the Company” or “the Group”)**

**Interim Results**

Biome Technologies plc announces its Interim Results for the six months ended 30 June 2015.

**Highlights**

- Group revenues £2.1m (H1 2014: £2.3m)
- Loss before interest, depreciation, amortisation, and share option charges of £0.3m (H1 2014: loss of £0.3m)
- Improved margins to 39% (H1 2014: 35%)
- Improved performance across both Biome Bioplastics and Stanelco RF compared to H2 2014
- New product line within Biome Bioplastics has reached the commercialisation stage and is expected to deliver revenue in H2 2015
- Stanelco RF Technologies division has signed a £1.1m contract for the manufacture of a set of fibre optic furnaces for supply during 2015
- Trading in both divisions since the mid-year point and encouraging order flow received underpin second half performance

Paul Mines, Chief Executive Officer said:

“The Group has enjoyed a positive first half with both divisions reporting improved performance compared to the second half of 2014, illustrated by strong margin growth.

The recovery in the Group’s Bioplastics division reflects the recovery in the US single-serve coffee market and it is encouraging that the division made an EBITDA profit for the first half reflecting margin improvements and continued cost control.

The recent contract award within our Stanelco RF division is indicative of the improvement in market conditions and gives significant underpinning to the Board’s expected outcome for this division in 2015.

The Board believes that the Group remains on target to meet its three strategic KPIs relating to revenue growth, product development and passing the ‘earnings positive’ inflexion point in quarterly trading in 2015.”

**For further information please contact:**

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## **Chairman's Statement**

The Group results for the first half of 2015 were comparable to those seen in the first half of 2014 having recovered from a subdued performance in the second half of 2014. The Group loss of £0.6m was in line with the prior year with improved margins across both divisions more than compensating for the slight drop in revenues.

Both the Biome Bioplastics and Stanelco RF Technologies divisions were profitable at the earnings before interest, tax, depreciation and amortisation level while the Bioplastics division reduced its operating loss to less than £0.1m.

Group revenues were £2.1m compared to £2.3m in the first half of 2014. Gross profit of £0.8m was in line with the first half of 2014 (£0.8m) as gross margin improvements offset a negative revenue timing impact. Margins, at 39%, were ahead of the prior year figure of 35% due to increases in both divisions.

Recurring administrative expenses, excluding the effects of share option charges, were £1.3m which is in line with the £1.3m in the first half of 2014.

The loss before interest, depreciation, amortisation and share option effects for the six months to 30 June 2015 was £0.3m compared to a loss of £0.3m in the first half of 2014. The loss after taxation was £0.6m (H1 2014: loss £0.6m) equating to a loss per share of 24 pence (H1 2014 loss per share 27 pence).

Net decrease in cash and cash equivalents in the period was £0.6m which includes operating cash usage of £0.3m and £0.2m expenditure on research and development for new products within the Bioplastics division, plus £0.1m increase in working capital ahead of expected shipments in the second half of 2015. The Group's cash position at 30 June 2015 was £1.8m.

### **Bioplastics Division**

After a fall back in revenues in the second half of 2014, revenues in the Bioplastics division for the first half of 2015 were £1.0m (H1 2014: £1.2m). This reflects the recovery in the US single-serve coffee market to levels similar to those in the first half of 2014. It should be noted that the division made an EBITDA profit for the first half of £0.04m (H1 2014: EBITDA loss of £0.04m), reflecting margin improvements and continued cost control.

The division remains committed to a strategy of focussing on the commercialisation and development of its own intellectual property. A new product line has recently reached the commercialisation phase which should result in revenues in the second half of 2015.

To complement the division's existing products, a further product is in the process of being developed for a non-woven biodegradable mesh. This product is in the process of being tested by an end customer with encouraging initial results.

The food service project continues in more advanced stages of pre-market testing with the main European suppliers to the industry.

In the first half of the year, the division announced that it had received grants to develop a new range of lignocellulose-derived bioplastics that can be made at comparable cost to traditional petro-chemicals. The development projects all commenced in the first half of the year and updates on the progress of these will be made as the projects evolve.

### **Stanelco RF Technologies Division**

Revenues in the RF Technologies division were £1.0m (H1 2014: £1.2m). The slight drop in revenues compared to the prior year is due to timing of shipments. This year, orders and shipments are weighted towards the second half of the year and revenues for the second half are expected to be substantially above those in the first half. The division continued to make a positive contribution, with EBITDA in the first half of £0.2m (H1 2014: £0.3m).

Order levels within the division remain high with a substantial pipeline stretching beyond the remainder of the year and into 2016. This includes the recently announced £1.1m contract to supply multiple furnaces in the second half of 2015.

Progress continues on the contract announced last year to supply advanced analytical equipment to a UK regulated industry sector using the division's induction heating technology. The first of the two units is expected to be delivered in the second half of the year with the second delivered in the first half of 2016.

As mentioned above, revenues from the division in the second half of 2015 are expected to be substantially above those in the first half of the year.

**Outlook**

The Board believes that the Group remains on target to meet its three strategic KPIs relating to revenue growth, product development and passing the 'earnings positive' inflexion point in quarterly trading in 2015.

Trading in both divisions since the mid-year point and encouraging order flow received both underpin the Board's confidence that the growth momentum will accelerate in the second half of the year.

**John Standen**  
Chairman

**CONSOLIDATED STATEMENT  
OF COMPREHENSIVE INCOME**  
For the period ended 30 June 2015

	Note	Total for 6 Months Ended 30 June 2015 Unaudited £'000	Total for 6 Months Ended 30 June 2014 Unaudited £'000	Total Year ended 31 December 2014 Audited £'000
<b>REVENUE</b>	5a – 5c	2,056	2,344	3,567
Cost of sales		(1,247)	(1,522)	(2,075)
<b>GROSS PROFIT</b>		809	822	1,492
Administrative expenses		(1,348)	(1,432)	(2,810)
<b>LOSS FROM OPERATIONS</b>	5a – 5c	(539)	(610)	(1,318)
Loss from operations before exceptional items & share options charges		(477)	(512)	(1,156)
Share options charges	6	(62)	(98)	(162)
Investment revenue		4	6	12
Foreign exchange (loss)/gain		(27)	(20)	1
<b>LOSS BEFORE TAXATION</b>		(562)	(624)	(1,305)
Taxation	7	-	-	33
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT</b>		(562)	(624)	(1,272)
Basic and diluted loss per share - pence	8	(24)	(27)	(54)

**CONSOLIDATED STATEMENT  
OF FINANCIAL POSITION**  
As at 30 June 2015

		At 30 June 2015 Unaudited £'000	At 30 June 2014 Unaudited £'000	At 31 December 2014 Audited £'000
	Note			
<b>NON-CURRENT ASSETS</b>				
Other intangible assets	9	1,250	1,221	1,217
Property, plant and equipment	10	236	276	263
		<u>1,486</u>	<u>1,497</u>	<u>1,480</u>
<b>CURRENT ASSETS</b>				
Inventories	11	826	792	1,011
Trade and other receivables	12	857	1,164	868
Cash and cash equivalents		1,760	3,096	2,393
		<u>3,443</u>	<u>5,052</u>	<u>4,272</u>
<b>TOTAL ASSETS</b>		<u><u>4,929</u></u>	<u><u>6,549</u></u>	<u><u>5,752</u></u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	906	1,442	1,229
		<u>906</u>	<u>1,442</u>	<u>1,229</u>
<b>TOTAL LIABILITIES</b>		<u><u>906</u></u>	<u><u>1,442</u></u>	<u><u>1,229</u></u>
<b>NET ASSETS</b>		<u><u>4,023</u></u>	<u><u>5,107</u></u>	<u><u>4,523</u></u>
<b>EQUITY</b>				
Share capital		117	117	117
Share premium account		740	740	740
Capital redemption reserve		4	4	4
Share options reserve		579	521	531
Translation reserve		(85)	(85)	(85)
Retained profits/(losses)		2,668	3,810	3,216
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND TOTAL EQUITY</b>		<u><u>4,023</u></u>	<u><u>5,107</u></u>	<u><u>4,523</u></u>

The interim statements were approved by the Board on 1 September 2015.

Signed on behalf of the Board of Directors

Paul R Mines (Chief Executive)  
Declan L Brown (Group Finance Director)  
1 September 2015

**CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY**

As at 30 June 2015

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share options reserve £'000	Translation reserve £'000	Retained earnings £'000	TOTAL EQUITY £'000
<b>Unaudited</b>							
<b>Balance at 1 January 2015</b>	117	740	4	531	(85)	3,216	4,523
Share options issued in share based payments	-	-	-	62	-	-	62
Cancellation of time expired share options	-	-	-	(14)	-	14	-
<b>Transactions with owners</b>	-	-	-	48	-	14	62
Loss for the period	-	-	-	-	-	(562)	(562)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(562)	(562)
<b>Balance 30 June 2015</b>	117	740	4	579	(85)	2,668	4,023
<b>Unaudited</b>							
<b>Balance at 1 January 2014</b>	117	740	4	797	(85)	4,060	5,633
Share options issued in share based payments	-	-	-	98	-	-	98
Cancellation of share scheme	-	-	-	(374)	-	374	-
<b>Transactions with owners</b>	-	-	-	(276)	-	374	98
Loss for the period	-	-	-	-	-	(624)	(624)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(624)	(624)
<b>Balance 30 June 2014</b>	117	740	4	521	(85)	3,810	5,107

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share options reserve £'000	Translation reserves £'000	Retained earnings £'000	TOTAL EQUITY £'000
<b>Audited</b>							
<b>Balance at 1 January 2014</b>	117	740	4	797	(85)	4,060	5,633
Share options issued in share based payments	-	-	-	162	-	-	162
Cancellation of share scheme	-	-	-	(428)	-	428	-
<b>Transactions with owners</b>	-	-	-	(266)	-	428	162
Loss for the year	-	-	-	-	-	(1,272)	(1,272)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(1,272)	(1,272)
<b>Balance 31 December 2014</b>	117	740	4	531	(85)	3,216	4,523

**CONSOLIDATED STATEMENT  
OF CASH FLOWS**  
For the period ended 30 June 2015

	6 Months Ended 30 June 2015 Unaudited £'000	6 Months Ended 30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
Loss from operations	(539)	(610)	(1,318)
Adjustment for:			
Amortisation and impairment of intangible assets	146	137	276
Depreciation of property, plant and equipment	32	33	67
Share based payments	62	98	162
Foreign exchange	(21)	(12)	2
Operating cash flows before movement of working capital	(320)	(354)	(811)
Decrease/(increase) in inventories	180	(151)	(371)
Decrease/(Increase) in receivables	10	(291)	12
(Decrease)/increase in payables	(322)	777	565
Cash utilised in operations	(452)	(19)	(605)
Corporation tax (paid)/received	-	-	33
<b>Net cash outflow from operating activities</b>	<b>(452)</b>	<b>(19)</b>	<b>(572)</b>
<b>Cash flows from investing activities</b>			
Interest received	4	6	12
Investment in intangible assets	(179)	(162)	(297)
Purchase of property, plant and equipment	(6)	(40)	(61)
<b>Net cash used in investing activities</b>	<b>(181)</b>	<b>(196)</b>	<b>(346)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(633)</b>	<b>(215)</b>	<b>(918)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,393</b>	<b>3,311</b>	<b>3,311</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,760</b>	<b>3,096</b>	<b>2,393</b>



## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the period ended 30 June 2015

### **1. CORPORATE INFORMATION**

The financial information for the year ended 31 December 2014 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2014 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498 of the Companies Act 2006. The interim results are unaudited. Biome Technologies plc is a public limited company incorporated and domiciled in England & Wales. The company's shares are publicly traded on the AIM market of the London Stock Exchange.

### **2. BASIS OF PREPARATION**

These interim consolidated financial statements (the interim financial statements) are for the six months ended 30 June 2015. They have been prepared in accordance with IFRSs as adopted by the European Union and IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

These interim financial statements have been prepared under the historical cost convention.

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2014.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of the interim financial statements.

### **3. BASIS OF CONSOLIDATION**

The Group interim financial statements consolidate the results of the Company and all of its subsidiary undertakings drawn up to 30 June 2015. At 30 June 2015 the subsidiary undertakings were Biome Bioplastics Limited, Stanelco RF Technologies Limited, Aquasol Limited and InGel Technologies Limited.

### **4. GOING CONCERN**

The directors have reviewed forecasts and budgets for the coming 12 months, which have been drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. As a result of this process, the directors are satisfied that the group have sufficient resources to continue in operational existence for at least one year from the date of approval of the interim report.

### 5a. SEGMENTAL INFORMATION FOR 6 MONTHS ENDED 30 JUNE 2015

	Bioplastics 6 Months Ended 30 June 2015 £'000	RF Technologies 6 Months ended 30 June 2015 £'000	Central Costs 6 Months ended 30 June 2015 £'000	Total 6 Months ended 30 June 2015 £'000
<b>Unaudited</b>				
Revenue from external customers	1,020	1,036	-	2,056
<b>(LOSS)/PROFIT FROM OPERATIONS</b>	<b>(72)</b>	<b>94</b>	<b>(561)</b>	<b>(539)</b>
Investment revenue				4
Foreign exchange loss				(27)
<b>LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>				<b>(562)</b>
<b>TOTAL ASSETS</b>	<b>2,029</b>	<b>964</b>	<b>1,936</b>	<b>4,929</b>

### 5b. SEGMENTAL INFORMATION FOR 6 MONTHS ENDED 30 JUNE 2014

	Bioplastics 6 Months ended 30 June 2014 £'000	RF Technologies 6 Months ended 30 June 2014 £'000	Central Costs 6 Months ended 30 June 2014 £'000	Total 6 Months Ended 30 June 2014 £'000
<b>Unaudited</b>				
Revenue from external customers	1,170	1,174	-	2,344
<b>(LOSS)/PROFIT FROM OPERATIONS</b>	<b>(135)</b>	<b>248</b>	<b>(723)</b>	<b>(610)</b>
Investment revenue				6
Foreign exchange gain				(20)
<b>LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>				<b>(624)</b>
<b>TOTAL ASSETS</b>	<b>1,976</b>	<b>1,226</b>	<b>3,347</b>	<b>6,549</b>

## 5c. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2014

	Bioplastics Year ended 31 December 2014 £'000	RF Technologies Year ended 31 December 2014 £'000	Central Costs Year ended 31 December 2014 £'000	Total Year ended 31 December 2014 £'000
<b>Audited</b>				
Revenue from external customers	1,446	2,121	-	3,567
<b>(LOSS)/PROFIT FROM OPERATIONS</b>	<b>(335)</b>	<b>293</b>	<b>(1,276)</b>	<b>(1,318)</b>
Investment revenue				12
Finance charges				-
Foreign exchange gain				1
<b>LOSS BEFORE TAXATION FROM OPERATIONS</b>				<b>(1,305)</b>
Taxation				33
<b>LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>				<b>(1,272)</b>
<b>TOTAL ASSETS</b>	<b>2,098</b>	<b>1,664</b>	<b>1,989</b>	<b>5,751</b>

### 6. SHARE OPTIONS

On 6 May 2014 the Company announced the issue of share options under a new EMI Share Option Plan (2014 EMI) and the cancellation of the existing 2010 PEP scheme. For the six months to 30 June 2014 this resulted in a net charge of £98,000 (a charge of £19,000 for the 2014 EMI and an accelerated charge of £79,000 for the cancellation of the 2010 PEP scheme). A transfer of £374,000 between the share option reserve and retained profits reflects the cancellation of the scheme.

### 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 2014 has not yet been settled and there is therefore no tax credit recognised in the period under review.

### 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 six months of £562,000 (2014: loss of £624,000) and a weighted average of 2,347,536 (2013: 2,347,536) ordinary shares in issue.

Basic and diluted earnings per share are equal in the six months ended 30 June 2015 as all outstanding share options were out of the money for the purposes of the diluted earnings per share calculation.

### 9. OTHER INTANGIBLE ASSETS

Other intangible assets increased in the period as a result of the capitalisation of £179,000 of product development costs exceeding the amortisation charge for the period of £146,000.

### 10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment decreased in the reporting period as a result of the purchase of property, plant and equipment of £6,000 being less than the depreciation charge for the period of £32,000.

### 11. INVENTORIES

The decrease in inventories during the reporting period primarily reflects the timing of shipments of equipment sales within the Stanelco RF division.

## **12. TRADE AND OTHER RECEIVABLES**

Trade and other receivables have remained at similar levels in the reporting period which reflects a similar period end timing of shipments.

## **13. TRADE AND OTHER PAYABLES**

The decrease in trade and other payables during the reporting period primarily reflects the timing of payments to suppliers for equipment builds and lower customer deposits within the Stanelco RF division.

## **14. RISKS AND UNCERTAINTIES**

The principal risks and uncertainties affecting the business activities of the Group are detailed in the Strategic Report which can be found on pages 6-11 of the Annual Report and Financial Statements for the year ended 31 December 2014 ("the Annual Report"). A copy of the Annual Report and Financial Statements is available on the Company's website at [www.biomettechnologiesplc.com](http://www.biomettechnologiesplc.com)

The risks affecting the business remain the same as in the Annual Report. In summary, these risks include:

- changes in the regulatory environments in which the Group operates
- fluctuations in exchange rates
- volatility in raw material prices and supply
- breach of intellectual property rights
- competitors developing more attractive products
- failure to commercialise products
- reliance on a small number of customers for certain products
- financial risks including exchange rate risk, liquidity risk, interest rate risk and credit risk.

Further details of how these risks impact the business and how the directors attempt to mitigate the risks can be found in the Annual Report.

## **INDEPENDENT REVIEW REPORT FOR BIOME TECHNOLOGIES PLC**

### **Introduction**

We have reviewed the condensed set of financial statements in the half-yearly financial report of Biome Technologies Plc for the six months ended 30 June 2015 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes. We have read the other information contained in the half yearly financial report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company's members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company's members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our review work, for this report, or for the conclusion we have formed.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

**GRANT THORNTON UK LLP**  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

SOUTHAMPTON  
1 September 2015