

30 March 2016

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

Preliminary Results

Biome Technologies plc announces its Preliminary Results for the year ended 31 December 2015.

Highlights

- Group revenues in 2015 up 37% to £4.9m (2014: £3.6m)
- EBITDA positive position for the second half of the year (before incentive scheme and share option charges)
- Improved performance across both Biome Bioplastics and Stanelco RF compared to 2014
- New product line in Bioplastics division reached commercialisation phase in second half 2015 and began delivering revenue
- Bioplastics division receives further government grant funding of £0.7m (total now £3.5m) to pursue low-cost bioplastics using industrial biotechnology
- Stanelco RF Technologies division delivered £3.0m of revenues in year (up 40% on 2014) with strong pipeline for H1 2016
- Cash position at 31 December 2015 of £1.6m

Paul Mines, Chief Executive Officer said:

"2015 delivered a step change in the performance of the Group, with both Bioplastics and Stanelco RF recording an EBITDA profit for the year and the Group as a whole delivering an EBITDA profit before incentive scheme and share option charges in the second half of the year.

We have had considerable success in broadening the product portfolio in both divisions and have continued to gain market share.

The Group's cash position remains robust and the Board remains confident in the Group's outlook for 2016."

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/Alex Brarley (Nominated Adviser)

Chris Crawford/Kelly Gardiner (Broker)

www.allenbycapital.com

Tel: +44 (0) 20 3328 5656

FTI Consulting

Oliver Winters

www.fticonsulting.com

Tel: +44 (0) 20 3727 1535

Chairman's Statement

Our results for 2015 show further significant improvement from the previous year with revenue growth of 37% enabling the Group to report an EBITDA positive position for the second half of the year (before incentive scheme and share option charges). The operating loss was reduced to £0.78m (2014: loss £1.32m).

Results

Group revenues were £4.88m (2014: £3.57m), reflecting the increased revenue in both of the Group's divisions. It is encouraging to note that margins were maintained at 43% during the year (2014: 42%). The resultant operating loss was reduced to £0.78m (2014: loss of £1.32m). The loss after taxation was £0.73m (2014: loss of £1.27m). The loss per share in 2015 was 31 pence (2014: loss per share of 54 pence).

Biome Bioplastics' revenues increased to £1.87m (2014: £1.45m) as it continued its strategy of focusing on sales of high performance products. Sales in the single-serve US coffee market returned to a more regular pattern after the turbulence experienced in the supply chain during the second half of 2014. The commercialisation of further product offerings commenced in 2015, initial sales have been encouraging and these are expected to add significant revenues in the future. The division moved to an EBITDA profit for the year of £0.08m (2014: loss of £0.13m) with the resultant operating loss for the division reducing to £0.16m (2014: operating loss of £0.34m).

Within the Stanelco RF Technologies division, revenues increased by 42% to £3.01m (2014: £2.12m) as the product range increased and customers in the optic fibre market continued to invest in replacement and new capacity. The resulting operating profit increased to £0.61m (2014: operating profit £0.29m).

Cash

The Group's cash position continued to be managed prudently throughout the year, with a cash position at 31 December 2015 of £1.59m (31 December 2014: £2.39m). Over the year, the cash utilised by operations was £0.44m (2014: £0.61m), which included an increase of £0.10m in working capital as a result of the increased activity. Investment in the year in new property, plant and equipment was £0.01m (2014: £0.06m) and £0.42m in product development (2014: £0.30m).

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.

In the 2013 Annual Report, I highlighted the three high level Key Performance Indicators (KPIs) that the Board had adopted for the business trajectory through to the end of 2016. A review of our progress against these indicators shows that the Group has substantially met, or is on course to meet, these indicators over the three year period:

- 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 57% has been achieved by the Group since 2013 with each division also achieving the 40% targeted cumulative annual revenue growth since that time.
- A highly differentiated product pipeline that will diversify our commercially-viable product ranges by 50% by 2016 and will fuel our sustained revenue growth;

18% of 2015 revenue was generated from products introduced since 2013 and this figure is anticipated to increase substantially to the 50% target as we gain full year commercial sales in 2016 in the bioplastics business.

- 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 and anticipates that this will continue through 2016.

The Board will continue to measure the Group’s performance against these KPIs in 2016 and expects to publish new KPIs for the three year period of 2017 and beyond in due course.

Biome Bioplastics

Our focus throughout the year has been to continue commercialising the division’s existing product range and also to develop new products that our customers are demanding. Existing sales to the US single serve coffee market returned to normal levels in the year after the turbulence experienced in the second half of 2014. In addition, a further temperature resistant product entered the commercial phase during 2015 which is expected to add substantial incremental revenues over the coming periods as the manufacturing phase takes hold.

There has been considerable development work in the year to produce a range of biodegradable non-woven mesh for filtration applications, a product which is actively sought by our customers. Progress to date has been encouraging with this product now entering later phase customer trials.

The division’s mid-term research activities are directed at the development of 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 area of our business has recently been awarded further government funding of £0.75m taking the total support from £2.7m to £3.5m.

Stanelco RF Technology

The Stanelco RF Technologies division had a year of good progress with revenues more than 40% up on the previous year. Whilst a substantial element of the revenues continue in the core optic fibre furnace market, we are seeing revenues start to build in new markets.

The division also secured a substantial contract of £1.1m in the year to produce a series of fibre optic furnaces which were all delivered in the fourth quarter of 2015. Significant progress was also made in designing and building advanced analytical equipment to a customer operating within a regulated industry in the UK. These two systems are due to be delivered to the customer in the first half of 2016.

Outlook

Ways of improving the management of coffee related waste have recently received some eagerly awaited and prominent press coverage. This is a part of our core strategy and we believe our fast developing suite of products should assist long term growth as market acceptance widens.

Trading in 2016 started in an encouraging manner and the Board remains confident in the Group’s outlook for 2016.

Also, our product development and scale-up activities are on target at this stage of the year, which should allow us to reach or exceed our strategic KPIs.

John Standen
Chairman

Strategic Report

2015 delivered a step change in the performance of the Group, with both divisions recording EBITDA profit for the year and the Group as a whole delivering an EBITDA profit in the second half of the year before share options and incentive scheme charges.

In Biome Bioplastics, demand for its products normalised in the US single serve coffee market after a turbulent second half of 2014. In addition, the division launched a new temperature resistant material which is now in its commercial phase. As a result, turnover for the year increased 29% over that recorded in 2014. The Group anticipates that with the commercialisation of additional products, demand and turnover will increase over the coming periods.

In Stanelco RF Technologies, there was increased activity across all of its main product ranges and the focus in the second half of the year was on delivering £1.98m of orders. Encouragingly the order flow included new markets away from the historical core optic furnace market. New markets include advanced analytical equipment to a regulated industry plus also equipment for heat treating finished metal products.

The divisional sections below outline the strategies that will be adopted for 2016 and 2017 to meet the Group's objectives.

Biome Bioplastics Division

Revenues in the Bioplastics division increased to £1.87m (2014: £1.45m). The business made significant progress in the year, recording an EBITDA profit of £0.08m (2014: loss £0.13m).

Markets

The production costs of functional bioplastics are at a substantive premium to materials that are of petrochemical 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 the end of customer trials with commercial sales anticipated over the coming year.

Technical Development

Biome Bioplastics' development work is based on market-led innovation where a robust need is perceived and where the business can gain technology leadership in the sector. During 2015, 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 in cost associated with providing this attribute.

The business launched a new range of heat stable materials in 2015. These are covered by the moniker BiomeHTX and are subject to a patent application made during the year. The material technology was developed for a specific customer application that is now scaling up in its commercial phase but the range is believed to have wider commercial applicability.

During the period, significant development work was undertaken to produce a biodegradable non-woven mesh for uses including filtration and absorption which has been undergoing scale up/production trials with end customers.

The 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. The division's collaboration with Warwick University have been extended to the universities of Leeds, York and Liverpool. The business has recently received further government grant funding of £0.7m from Innovate UK to explore the manufacture of finished polymers. This takes the total grant funding in this area since the conclusion of the feasibility study to £3.5m.

Investment by Biome Bioplastics in product development for the year was £0.41m (2014: £0.26m) 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, but the business has diversified the product range in recent years, increasing the potential customer base. Total revenues in 2015 of £3.01m were 42% up on the prior year (2014: £2.12m). This increase is due to continued stabilisation in the supply/demand balance in the optic fibre furnace market, as well as a broader spread of equipment types including the contract for announced analytical equipment with both systems due for delivery in the first half of 2016. In addition, RF Technologies delivered a set of optic fibre furnaces in the second half of the year under the £1.1m contract announced in June 2015. The operating profit for the period was £0.61m (2014: £0.29m).

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 2015 with customers making capital investments to replace existing aged capacity. In addition the division delivered the first two of its new low energy furnaces as well as various upgrade kits.

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 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 2015, work in this area centred on the design and build of the contract for two advanced analytical equipment systems for a regulated industry which was announced in March 2014. Various stages were completed in the year and both systems are due for delivery to the customer during the first half of 2016.

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 £2.90m (2014: £2.81m), an increase of £0.09m on the prior year. This increase of 3% reflects management's tight control on costs whilst delivering a 37% increase in turnover. The increase in administration costs were mainly

the result of an accrual for the executive incentive scheme of £0.08m (2014: nil) and also within the Stanelco RF division where additional labour was required to deliver a challenging second half delivery of equipment orders.

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

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. 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 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 various 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 2015.

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 key performance indicators (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.

	2015 £'m	2014 £'m	Growth
LIKE-FOR-LIKE COMPARISONS			
Revenues			
Biome Bioplastics	1.87	1.45	29%
RF Technologies	3.01	2.12	42%
Total revenues	4.88	3.57	37%

Loss from operations			
Biome Bioplastics	(0.16)	(0.33)	52%
RF Technologies	0.61	0.29	110%
Central costs	(1.23)	(1.28)	4%
Loss from operations	(0.78)	(1.32)	41%
Non-current assets	1.57	1.48	
Inventories	1.05	1.01	
Trade and other receivables	1.33	0.87	
Cash	1.59	2.39	
Trade and other payables	(1.63)	(1.23)	
Net assets	3.91	4.52	

Revenues

Group revenues increased in the year from £3.57m to £4.88m with meaningful increases in both the Biome Bioplastics and RF Technologies divisions.

In Biome Bioplastics, revenues increased by 29% as the US single-serve coffee market returned to a more normal environment after the turmoil experienced in the second half of 2014.

In Stanelco RF Technologies, revenues increased by 42% year on year as a result of increased activity in the fibre optic market, as well as the building of system one of the contract to supply advanced analytical equipment to a UK regulated industry sector.

Operating profits/(losses)

The Group's loss from operations reduced to £0.78m compared to £1.32m on a like-for-like basis in the prior year.

Administrative costs across the Group in 2015 were £2.90m (2014: £2.81m). When the non-cash effects of depreciation, amortisation and share option charges are removed, the recurring administrative expenses in 2015 were £2.44m (2014: £2.31m). This increase in expenses is mainly a result of an executive incentive scheme accrual of £0.08m plus increased staffing levels, both permanent and temporary, within the RF division due to increased activity levels predominantly in the second half of the year.

Product development costs of £0.42m (2014: £0.30m) were capitalised in the year. Tax R&D claims resulted in a cash tax credit received in the year of £0.06m (2014: credit of £0.03m).

The Group's loss after tax for the year was £0.73m (2014: loss after tax of £1.27m), giving a loss per share of 31p (2014: loss per share of 54p).

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 2015, there was £1.37m of capitalised development costs (2014: £1.22m) within the Group's balance sheet, of which £1.1m relates to BiomeHT, BiomeMesh, and BiomeEasyflow. An

assessment is made at least annually which assumes future potential market take up of the products and the margins achievable.

Cashflow

	2015 £'m	2014 £'m
Cashflow		
Loss from operations	(0.78)	(1.32)
Adjustment for non-cash items	0.45	0.51
Movement in working capital	(0.10)	0.21
Cash utilised by operations	(0.43)	(0.60)
Investment activities	(0.37)	(0.32)
Net increase/(decrease) in cash	(0.80)	(0.92)
Opening cash balance	2.39	3.31
Closing cash balance	1.59	2.39

The cash utilised from operations, before working capital movements, was £0.33m (2014: £0.81m), reflecting the reduced loss from operations during 2015 compared to the prior period. Working capital increased by a net £0.10m as a result of the increased turnover in achieving this performance. As a result, the cash utilised by operations during 2015 was £0.43m (2014: £0.60m).

Investment in the year in new property, plant and equipment was £0.01m (2014: £0.06m) and £0.42m in product development (2014: £0.30m), offset by receipt of R&D tax credits of £0.06m (2014: £0.03m).

The closing cash position was £1.59m (2014: £2.39m).

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 contracted and visible business within the RF Division and the commercialisation and increased volume from the existing trials and launches within the Bioplastics Division. As a result of this process, at the time of approving the financial statements, the Directors consider that the Company and the Group 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 2015**

		2015	2014
	Note	Total £'000	Total £'000
REVENUE	4a – 4b	4,882	3,567
Cost of sales		(2,759)	(2,075)
GROSS PROFIT		2,123	1,492
Administrative expenses		(2,904)	(2,810)
LOSS FROM OPERATIONS	4a – 4b, 5	(781)	(1,318)
Investment revenue		7	12
Foreign exchange (loss)/gain		(18)	1
LOSS BEFORE TAXATION		(792)	(1,305)
Taxation	6	59	33
LOSS FOR THE YEAR		(733)	(1,272)
Other comprehensive income:			
Will not be reclassified subsequently to profit and loss		-	-
Retranslation reserve on disposal		-	-
Will be reclassified subsequently to profit and loss		-	-
Exchange differences on translating foreign operations		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(733)	(1,272)
Basic and diluted loss per share – pence (continuing and discontinuing operations)	7	<u>(31)</u>	<u>(54)</u>

**CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
As at 31 December 2015**

	Note	2015 £'000	2014 £'000
NON-CURRENT ASSETS			
Other intangible assets	8	1,365	1,217
Property, plant and equipment	9	209	263
		<u>1,574</u>	<u>1,480</u>
CURRENT ASSETS			
Inventories	10	1,045	1,011
Trade and other receivables		1,334	868
Cash and cash equivalents		1,588	2,393
		<u>3,967</u>	<u>4,272</u>
TOTAL ASSETS		<u>5,541</u>	<u>5,752</u>
CURRENT LIABILITIES			
Trade and other payables	11	1,626	1,229
		<u>1,626</u>	<u>1,229</u>
TOTAL LIABILITIES		<u>1,626</u>	<u>1,229</u>
NET ASSETS		<u>3,915</u>	<u>4,523</u>
EQUITY			
Share capital		117	117
Share premium account		740	740
Capital redemption reserve		4	4
Share options reserve		542	531
Translation reserve		(85)	(85)
Retained profits/(losses)		2,597	3,216
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND TOTAL EQUITY		<u>3,915</u>	<u>4,523</u>

The financial statements were approved by the Board on 29 March 2016.

Signed on behalf of the Board of Directors

Paul R Mines (Chief Executive)
Declan L Brown (Group Finance Director)
29 March 2016

**CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY**
As at 31 December 2015

	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 2015	117	740	4	531	(85)	3,216	4,523	4,523
Share options charges in year	-	-	-	125	-	-	125	125
Cancellation of PEP scheme and 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
Balance at 1 January 2014	117	740	4	797	(85)	4,060	5,633	5,633
Share options charges in year	-	-	-	162	-	-	162	162
Cancellation of PEP scheme and expired share options	-	-	-	(428)	-	428	-	-
Transactions with owners	-	-	-	(266)	-	428	162	162
Loss for the year	-	-	-	-	-	(1,272)	(1,272)	(1,272)
Total comprehensive income for the year	-	-	-	-	-	(1,272)	(1,272)	(1,272)
Balance 31 December 2014	117	740	4	531	(85)	3,216	4,523	4,523

**CONSOLIDATED STATEMENT
OF CASH FLOWS**
For the year ended 31 December 2015

	2015 £'000	2014 £'000
Loss from operations	(781)	(1,318)
Adjustment for:		
Amortisation and impairment of intangible assets	275	276
Depreciation of property, plant and equipment	65	67
Share based payments	125	162
Foreign exchange	<u>(17)</u>	<u>2</u>
Operating cash flows before movement in working capital	(333)	(811)
(Increase)/decrease in inventories	(33)	(371)
Decrease/(increase) in receivables	(468)	12
Increase/(decrease) in payables	<u>397</u>	<u>565</u>
Cash utilised by operations	(437)	(605)
Corporation tax received	59	33
Interest paid	-	-
Net cash outflow from operating activities	(378)	(572)
Cash flows from investing activities		
Interest received	7	12
Investment in intangible assets	(423)	(297)
Purchase of property, plant and equipment	<u>(11)</u>	<u>(61)</u>
Net cash used in investing activities	(427)	(346)
Net increase/(decrease) in cash and cash equivalents	(805)	(918)
Cash and cash equivalents at beginning of year	2,393	3,311
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents at end of year	1,588	2,393

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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 2015 or 2014 but is derived from those financial statements. Statutory financial statements for 2014 have been delivered to the Registrar of Companies. Those for 2015 will be delivered following the Company's Annual General Meeting, which will be convened on 25 April 2016. 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 2015 were authorised for issue by the Board of Directors on 29 March 2016 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 2015. 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 2015 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 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				<u>(792)</u>
TOTAL ASSETS	1,816	2,181	1,544	5,541

4b. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2014

	Bioplastics 2014 £'000	RF Technologies 2014 £'000	Central Costs 2014 £'000	Total 2014 £'000
Revenue from external customers	1,446	2,121	-	3,567
(LOSS)/PROFIT FROM OPERATIONS	(335)	293	(1,276)	(1,318)
Investment revenue				12
Foreign exchange loss				1
LOSS BEFORE TAXATION				(1,305)
TOTAL ASSETS	2,098	1,664	1,989	5,751

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, executive incentive scheme charges, depreciation and amortisation. The Group EBITDA is reconciled as follows:

	2015 £'000	2014 £'000
Operating loss	(781)	(1,318)
Amortisation	275	276
Depreciation	65	67
Share option scheme charges	125	162
Executive incentive scheme charges	84	-
EBITDA	(232)	(813)

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 2014 has now been settled. 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 loss attributable to the equity holders of the parent for the year of £733,000 (2014: loss of £1,272,000) and a weighted average of 2,347,536 (2014: 2,347,536) ordinary shares in issue.

8. OTHER INTANGIBLE ASSETS

During the year there was a capitalisation of £423,000 of product development costs (2014: £297,000). The amortisation charge for the year was £275,000 (2014: £276,000).

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of £11,000 were acquired in the year (2014: £61,000). The depreciation charge for the year was £65,000 (2014: £67,000).

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables increased in the year as a result of increased activity at the year end within the RF Technologies division. A substantial order for fibre optic furnaces was dispatched prior to the year end and paid for after the year end.

11. TRADE AND OTHER PAYABLES

Trade and other payables increased in the year due mainly to increases in the Biome Bioplastics division. This is a result of inventory replenishment at the year end.