

24 March 2011

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

Preliminary Results

Biome Technologies plc announces its Preliminary Results for the year ended 31 December 2010.

Financial Highlights

- Group revenue up 24% to £13.4m on a like-for-like basis*, ahead of market expectations
- Loss from operations reduced to £1.9m (2009: loss £2.6m), ahead of market expectations
- Loss before tax reduced to £2.3m (2009: loss £3.6m)
- Cash utilised by operations reduced to £1.1m (2009: £2.3m)
- Closing Group cash position £4.0m, following successful completion of equity fundraising in June 2010, raising £2.7m net of expenses to drive development of the Group

* Reported Group revenue in 2009 of £17.9m included 100% consolidation of the Biotec JV – now only 50% consolidated; Group revenues reduced from £17.9m to £13.4m in 2010, reflecting the change in accounting treatment of Biotec described above

Business Highlights

- 16% growth in Bioplastics Division revenue on a like-for-like basis which includes:
 - 44% growth in revenue made by Biome Bioplastics, the wholly owned UK headquartered bioplastics business
 - 7% growth in Biotec’s third party revenue, despite short term constraints in the supply chain
- 81% growth in revenue in Stanelco RF Technologies delivering improved divisional profitability

Paul Mines, Chief Executive, said:

“The business emerges from 2010 in a robust position. The successful fundraising completed during the year has strengthened our balance sheet and sales continued to grow strongly in Biome Bioplastics and Stanelco RF Technologies through the period. We reduced the operating loss again, for the fourth consecutive year.

We are pleased to find an increasing number of customers are choosing Biome’s bioplastics for a variety of end uses and we are making significant progress with a number of innovative new materials”

John Standen, Non-Executive Chairman, said:

“In the first two months of 2011 the Group’s results are well ahead of the same period in 2010 and ahead of the Board’s expectations. This serves to illustrate the continuing growth prospects for our business in a fast expanding marketplace. We are well placed to continue delivering on our strategy through 2011 and the Board is confident in and encouraged by the outlook for the business.”

- Ends -

For further information please contact:

Biome Technologies plc
Paul Mines, Chief Executive Officer
Sue Bygrave, Group Finance Director
www.biometechnologiesplc.com

Tel: +44 (0) 2380 867 100

Daniel Stewart & Company plc
Oliver Rigby/Martin Lampshire
www.danielstewart.co.uk

Tel: +44 (0) 20 7776 6550

First Columbus
John Nuttall/Chris Crawford/Kelly Gardiner
www.first-columbus.com

Tel: +44 (0) 20 3002 2070

Financial Dynamics
Caroline Stewart/Oliver Winters

Tel: +44 (0) 20 7831 3113

Notes to Editor:

The activities of Biome are divided into two divisions; Bioplastics and Stanelco RF Technologies. Both divisions are underpinned by the Group's skills in the commercialisation and development of innovative technology.

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

The Group is listed on the AIM market of the London Stock Exchange and moved to this market in July 2010.

Chairman's Statement

This has been a positive year for the Group with the business continuing to perform very well. 44% growth in the revenues in Biome Bioplastics and 81% growth in RF Technologies led to total Group revenues of £13.4m, up 24% on a like-for-like basis and ahead of market expectations.

The effect of this revenue growth and a decrease of £0.3m in central costs reduced the loss from operations for the year by 25% from £2.6m to £1.9m, also ahead of market expectations.

With regard to corporate activity, there was a successful fundraising completed in June that provided additional capital to drive the development of the Group, a move to the AIM market of the London Stock Exchange and the re-branding of the Group as Biome Technologies plc.

In the first half of the year we had the first court ruling on the Novamont litigation with the French court taking the view that the technology owned by our JV Biotec does not infringe Novamont's three patents. Although the litigation continues in Italy, this French ruling allows the Group to proceed with increased confidence in the market.

In the second half of the year, growth was limited in both Biome Bioplastics and, to a more acute extent, third party revenues at Biotec by availability of certain raw materials. Whilst we were able to mitigate the effect of this to some degree through a broadening of Biome Bioplastics technology base, it continued to restrain achievement of even greater upside performance. Since the start of 2011 this constraint has eased considerably.

Whilst we continue to extend our work with a number of multinational organisations in the development and commercialisation of our bioplastics products, it is notable that regional brands and SMEs are currently driving our revenue growth and are proving faster adopters of this technology.

Results

On a like-for-like basis, Group revenues increased 24% to £13.4m (2009: £10.9m). On a reported basis, Group revenues reduced from £17.9m to £13.4m in 2010, reflecting the change in accounting treatment of Biotec explained in more detail within the financial review section.

The Bioplastics division's revenues grew by 16% on a like-for-like basis and the RF division's revenues by 81%.

The loss from operations for the year reduced to £1.9m (2009: £2.6m), reflecting both revenue growth and cost savings. The loss before taxation was £2.3m (2009: £3.6m), delivering a loss per share of 0.047 pence (2009: 0.104 pence).

Following the successful completion of a Firm Placing and Placing and Open Offer to shareholders in June 2010, which raised £3.5m (before £0.8m of expenses), the Group cash position increased to £4.0m at 31 December 2010 (2009: £3.2m).

Cash utilised by operations in the year was £1.1m (2009: £2.3m). In addition, £0.2m was invested in the year in new property, plant and equipment (2009: £0.1m) and £0.4m in product development (2009: £0.4m).

Strategy

The Group's mid term qualitative strategy has been outlined before as follows:

- build a leading position in its chosen markets based on patented technology;
- develop a range of new functional application areas where premiums can be obtained from its existing bioplastics IP base;

- create and build new bioplastic applications by working intimately with consumer facing international businesses; development will be application led rather than technology led; and
- drive the businesses' differentiation by developing and retaining a team that is recognised as head and shoulders above the competition in application and product engineering.

In 2010 we made good progress against these strategic objectives. In Biome Bioplastics, securing a larger set of customers whilst broadening our supply base technology drove growth that we believe was ahead of the market norm. In Stanelco RF Technologies we reinforced our leadership role in the Optical Fibre Furnace market with a number of contracts with both existing and new customers.

We have launched a number of new products in Biome Bioplastics with higher functional capabilities that build on our IP base. These products have already stimulated interest from a broader set of customers in new application areas such as telecoms and automotive.

Our development work continues to take its cue from working in close proximity with large international businesses, such as those exemplified before. This customer set provides our business with the stimulation of stretching targets for functional and economic performance whilst providing potential access to premium markets of significant scale. Whilst a number of customer/product combinations have reached technical maturity and launch it has been the spin-offs from this work to mid-size brands that is giving us faster traction in revenue at the present time.

The Board's firm intent is to continue to accelerate revenue growth whilst controlling costs as it drives the Group towards profitability. We will continue to develop and enhance the team with a focus on technical and product engineering and, as a consequence, our relationships with large international consumer groups will continue to strengthen.

Board and Employees

In October 2010, Elizabeth Filkin retired from the Board after seven years of committed service. We thank her warmly for her exceptional contribution to the Board and wish her well for the future.

Michael Kayser replaced Elizabeth on the Board and as Chairman of the Audit and Remuneration Committees. Michael has extensive experience as a finance director in the chemicals sector and in senior management positions in companies with international operations. This experience will be invaluable as the Group moves into its next phase of growth.

This year, more than ever, our success is due to the unerring support of our employees who have continued to drive the business forward alongside all the corporate activity taking place. Everyone has been striving to grow revenues as fast as possible whilst keeping costs to a minimum and these efforts are very much appreciated. We have great teams working throughout the Group and I thank them very much for their support.

Outlook

In the first two months of 2011 the Group's results are well ahead of the same period in 2010 and ahead of the Board's expectations. This serves to illustrate the continuing growth prospects for our business in a fast expanding marketplace. We are well placed to continue delivering on our strategy through 2011 and the Board is confident in and encouraged by the outlook for the business.

John Standen
Chairman

Chief Executive's Statement

Performance

Revenue growth of 24% and a further substantive reduction in the Group's loss to £1.9m marks another year of progress for the business.

Biome Bioplastics launched 12 new products broadening its product portfolio and widening its raw material base. Accelerating revenue growth, which was up 44% with both existing and new customers, provided further evidence that our business is delivering for our customers.

Biotec's revenue growth of 7% was constrained by raw material availability in the second half of the year which is easing as we enter 2011. The Group's world class factory in Emmerich, Germany continues its transition to a lean production unit.

An exciting year of 81% revenue growth in Stanelco RF Technologies drove divisional profitability to £0.4m as the team made a significant increase in activity with little extra cost, using innovative lean manufacturing techniques.

The £3.5m (before expenses) raised via the Firm Placing and Placing and Open Offer strengthened the Company's balance sheet and provided encouraging support for the Group's strategy.

Operational Review

Bioplastics Division

Revenues in the Bioplastics division increased by 16% to £11.0m (2009: £9.6m) on a like-for-like basis in 2010. This reflected a 44% increase in sales in Biome Bioplastics to £3.4m and a 7% increase in third party sales made by Biotec.

As has been previously highlighted, growth, whilst strong, has been restrained by capacity issues in the supply chain to Biotec. Biome Bioplastics' product range is now built on both a broader technology and supply base that has helped to mitigate these issues.

Markets

The dominant portion of the global market for starch based bioplastics is centred on Europe, driven by requirements for biodegradable and composting capability as well as bio-based content. A consensus about the rate of growth in the bioplastics market in 2010 has yet to emerge. However, this accelerated growth in Europe was spurred on by legislative change in early 2011.

There are also early signs of bioplastic adoption in markets further afield geographically and Biome has started to build a number of small positions in these new territories.

2010 was a volatile year for raw materials; in addition to the supply chain constraints mentioned elsewhere, food prices increased driven by both demand and poor harvests in a number of key geographies. This trend of both rising and volatile food prices has continued in 2011 and will be a challenge in the coming year.

Overcoming social, political, economic and technical inertia in the replacement of oil based plastics with Biomes bio-based materials remains a challenge for both Biome and the wider industry. However, it is clear that the emerging appetite for bioplastics is increasing in a variety of end-uses and territories.

Technical Development

The Biome Bioplastics team at Southampton is working to improve the functional properties of bioplastic materials in a number of carefully selected areas. This work is often undertaken with a lead customer for a given sector to ensure the commercial viability of the product.

The capability of the Southampton pilot/development facility is focused on product testing and small scale industrialisation equipment. This facility has the capability to manufacture small quantities of new bioplastics and to trial them through several common industrial conversion processes. The business continues to make use of both university and commercial laboratory facilities, where appropriate.

In 2010 the business launched 12 new products to both a mixture of the open market and against specific customer requirements. Our technical team is becoming increasingly skilled at understanding end-use requirements and tailoring products to meet these needs.

The business has also extended its supply base to include “reclaimed” starch derived from various industrial production processes. Biome Bioplastics uses starch extensively and at a time of rapidly rising commodity prices and concerns over the competition of biomaterials with food crops, this development gives the business a broader set of options for sourcing one of its main raw materials more cost effectively. This change comes at the end of an extensive trialling and validating process.

As the pipeline of new and novel materials from Biome Bioplastics has begun to mature, the business has sought to protect this IP. The patent application process continues on a number of candidate compositions.

Commercial Activity

The commercial team continued to build sales and developed relationships with a variety of customers throughout the year. Sales activity has been targeted at both the conversion area of the supply chain as well as brand owners.

Work with a number of blue chip customers now using or evaluating Biome’s bioplastics is ongoing and these relationships continue to develop. These customers now include end-use applications in the horticulture, electronics, stationery products, personal care, food service and snack markets.

The successful launch of the Biome Bioplastics brand took place in January 2010. The re-branding has been well received by customers. Recognition by Deloitte’s Fast 50 as the second fastest growing CleanTech business in the 5 years to 2010 has helped improve our industrial brand recognition.

The rapid increase in sales in 2010 comes from strong growth with well established customers, growing demand from customers that started to roll out products made from our resins in 2009 and from new customers added to the customer list. Many of our customers are introducing new biodegradable product ranges or widening their markets for existing green products and, as their businesses grow, this in turn drives revenue growth for Biome Bioplastics. Bringing on board new customers with similar ambitions to build up their biodegradable/sustainable product portfolios or replace oil-based plastics in their existing products should further enhance that growth.

In this context, exciting progress continues to be made in developing and launching new products in partnership with a number of large international customers. Examples of this partnership approach include working with a market leading American supplier to the food processing market which has now successfully launched a range of products based on Biome Bioplastics materials in its markets and with a leading personal care business that has made a similar launch.

Whilst working with a number of potential blue-chip customers remains a priority, it is increasingly clear that regional brands are earlier adopters of this technology and as such they allow Biome to monetise its new developments at an early stage.

Biome Bioplastics' strategy is to develop new products for specific customer needs and then to promote these more broadly to the wider market, often after initial exclusivity periods have lapsed. The business has recently launched BiomeEP, an enhanced print flexible film resin following twelve months of development. The BiomeHT range launch from earlier in the year has attracted interest from a broader range of suppliers to the personal electronics sectors and several projects are developing with international players.

Production

Biotec manufactures biodegradable products from its base in Germany to support the sales and manufacturing activities of Biome Bioplastics and SPHERE, our joint venture partner.

Biotec is a capable and modern automated facility that has the potential to be able to flex up to 20,000 tonnes per annum in its current footprint/configuration. The unit is being used for both large scale production and to assist in the industrialisation of products developed within Biome Bioplastics.

The Biome Bioplastics product portfolio has continued to broaden with technology developed in our Southampton labs and in 2010 we chose to contract additional third party production assets in the UK for use in product development.

Expenses

There has been a continued focus on the eradication of waste and cost as part of our improvement programme. Total overheads in the Group are down 9% in the second half. This has been driven by both reductions in staff costs and relentless focus on minimising expenditure wherever possible.

Biotec Litigation

On 29 May 2007 the Board advised that it was evaluating claims against Biotec's technology made by Novamont, a competing bioplastics business. Subsequently, Novamont brought proceedings against Biotec, SPHERE and certain group companies of SPHERE claiming infringement of the French and Italian designations of Novamont's European Patent Numbers EP 0 327 505, EP 0 947 559 and EP 0 937 120. These actions were taken by Novamont in both the French court and in the Italian courts in Milan and Turin.

On 16 April 2010, the French court notified Biotec of its finding in Biotec's favour in relation to the patent infringement claims made by Novamont and one of Biotec's invalidity claims (in relation to patent IP 0 937 120). Further action by either party by way of appeal in the French court remains possible. The cases in Milan and Turin continue and court decisions may be expected within 12 months.

Biome and Biotec continue to take professional and technical advice with regard to this litigation and are confident of further successful court outcomes. The Board has sought and will continue to seek complete resolution of this matter as soon as possible.

Stanelco RF Technologies Division

Stanelco RF Technologies is a rapidly growing and highly profitable specialist engineering business focused on the design and manufacture of electrical/electronic systems based on advanced radio frequency technology.

The division had a successful year in 2010, with revenues increasing by 81% to £2.4m (2009: £1.3m). With continued tight cost controls, this has translated into an operating profit of £400k.

With around 90% of revenue outside the UK, the business has been successful in developing and managing a global customer base. More than 40% of these sales come from outside Europe; this attests to the business' capability in servicing Asia and other fast growing markets.

The business can be considered to have four key areas:

Optical Fibre Furnace Systems

The business is recognised as a global leader in the provision of induction furnace systems used in manufacturing and processing of quartz glass “pre-forms” to produce optical fibre. These furnaces operate at up to 2500 °C and are built around proprietary electrical generators (up to 300kw) and control systems.

Plastic Welding Equipment

A range of both standard and bespoke equipment used in plastic welding applications where high integrity sealing is a prerequisite. End-uses range from nuclear and medical through to a variety of specialist industrial applications. The equipment range covers from hand held and mobile devices up to static fully automated installations.

Induction Heating Equipment

A range of devices that provides both rapid and highly controlled heating; the technology offers a clean, fast and cost efficient method for heating many materials for a variety of industrial processes. Equipment is both standard product and bespoke ranging from one to hundreds of kilowatts.

Service and Spares

The business has a large installed base of equipment and provides both service and specialist spares support on a regular basis

The Optical Fibre Furnace Systems market remains buoyant as the growth in the fibre optic market in Asia continues. This is being driven by Asian telecoms infrastructures moving directly to fibre based local connections rather than initial copper wiring. In addition, Western market growth has resumed as use of video based services through the internet has begun to stretch the utilisation of networks. The business delivered several large orders for multiple fibre optic systems in 2010 and has good order visibility for similar systems in H1 2011.

The work to broaden its RF product offering into new areas such as industrial induction heating has continued to progress and we are now picking up repeat business in this area from a number of customers with demanding specifications. It is encouraging to see the business gaining traction in new areas where it has not competed before.

I am pleased that the business has continued its growth path and it enters 2011 with a strong order book.

Financial review

Accounting for Biotec

The Group's shareholding in Biotec is 50%, with the remaining 50% held by SPhere. Until 31 December 2009, the Group retained a casting vote over all material decisions in the joint venture, therefore, Biotec was accounted for as a subsidiary until 31 December 2009 on the basis of control. The casting vote expired on 31 December 2009 and from 1 January 2010 the Group has accounted for Biotec on a proportional basis. This means that only 50% of the joint venture's assets and liabilities are included in the Group's balance sheet at 31 December 2010 compared with 100% at 31 December 2009 and that only 50% of its revenues and expenses are included in the Group's consolidated statement of comprehensive income for 2010 compared with 100% in 2009.

The Board has chosen to proportionally consolidate the results of Biotec in these financial statements rather than to account for its shareholding using the equity method because Biotec's manufacturing facility is seen as an integral part of the Group's Bioplastics operation.

In order to give a meaningful comparison of the results for 2010 with 2009, like-for-like figures for the Group's revenues, loss from operations and key balance sheet items have been set out below. The figures for 2009 have been prepared on the same basis as for 2010, with just 50% of Biotec's results and balances included.

	2010 £'m	2009 £'m	Growth
LIKE-FOR-LIKE COMPARISONS			
Revenues			
Biotec	7.5	7.1	7%
Biome Bioplastics	3.4	2.4	44%
Licence income	0.1	0.1	
Total Bioplastics	11.0	9.6	16%
RF Technologies	2.4	1.3	81%
Total revenues	13.4	10.9	24%
Loss from operations			
Bioplastics	(0.8)	(0.7)	
RF Technologies	0.4	-	
Central costs	(1.5)	(1.8)	
Loss from operations	(1.9)	(2.5)	
Non-current assets			
Non-current assets	10.7	11.0	
Inventories			
Inventories	0.7	1.5	
Trade and other receivables			
Trade and other receivables	6.8	5.6	
Cash			
Cash	4.0	3.1	
Trade and other payables			
Trade and other payables	(2.6)	(1.9)	
Promissory notes			
Promissory notes	(3.4)	(3.5)	
Obligations under finance leases			
Obligations under finance leases	(0.3)	(0.4)	
Net assets	15.9	15.4	

Revenues

On a like-for-like basis, Group revenues increased in the year from £10.9m to £13.4m driven by strong growth in both the Group's divisions.

In the Bioplastics division, like-for-like revenues grew by 16%, with 44% growth in the UK Bioplastics business, Biome Bioplastics and 7% growth in Biotec's third party revenues. Sales growth in this division was restricted to some extent in the second half of the year by a short term capacity issue in the supply chain which now appears to have been addressed.

In RF Technologies, revenues grew by 81% in 2010, bolstered by strong sales into the fibre optic market.

Operating profits/(losses)

The Group's loss from operations for the year reduced from £2.5m, on a like-for-like basis, to £1.9m.

In the Bioplastics division a £0.1m impairment in the goodwill associated with Aquasol resulted in a slight deterioration in profitability. In Biome Bioplastics the losses reduced in the year but this was offset by a higher loss in Biotec, where revenues grew but gross margins were impacted by stock reductions and by lower pricing in certain target markets.

The RF Division made a £0.4m profit in the year, compared with a break even position in 2009, owing to the substantial increase in its revenues.

Central costs for the year reduced by £0.3m to £1.5m; this reflected the 30% reduction in directors' salaries implemented after the fund raising and the waiver of directors' bonuses for 2009 and 2010.

Product development costs of £0.4m (2009: £0.4m) were capitalised in the year. Tax R&D claims resulted in a tax credit received in the year of £0.1m (2009: credit of £0.1m).

Finance related credits and charges, including foreign exchange gains and losses, totalled £0.3m for the year (2009: £0.9m). This included a £0.3m loss (2009: £0.7m) relating to the retranslation of intercompany balances.

The Group's loss before tax for the year was £2.3m (2009: £3.6m), giving a loss per share of 0.047p (2009: 0.104p).

Cashflow

	2010 £'m	2009 £'m
Cashflow		
Loss from operations	(1.9)	(2.6)
Adjustment for non-cash items	0.6	0.8
Movement in working capital	0.2	(0.5)
Cash utilised by operations	(1.1)	(2.3)
Purchase of property, plant & equipment	(0.2)	(0.1)
Investment in product development	(0.4)	(0.4)
Other cash movements	(0.1)	-
Cash outflow before financing	(1.8)	(2.8)
Proceeds from share issue	2.7	-
Repayment of finance leases	(0.1)	(0.3)
Net increase/(decrease) in cash	0.8	(3.1)
Opening cash balance	3.2	6.3
Closing cash balance	4.0	3.2

The cash utilised by operations in the year was £1.1m (2009: £2.3m), reflecting primarily the loss from operations of £1.9m. £0.2m of cash was released from working capital, with a £0.8m reduction in stocks in the Bioplastics division more than offsetting the impact of revenue growth elsewhere. This stock reduction reflects, to some extent, the supply chain constraints in the second half of the year which resulted in a commercially sub-optimal stock position at the year end.

£0.2m was invested in the year in new property, plant and equipment (2009: £0.1m) and £0.4m in product development (2009: £0.4m).

Before financing activities, the cash outflow for the year was £1.8m, a reduction of £1.0m compared with 2009.

The closing cash position was £4.0m (2009: £3.2m), following the successful completion of a Firm Placing and Placing and Open Offer to shareholders in June 2010, which raised £3.5m for the Group (before £0.8m of expenses).

Going concern

The directors have reviewed forecasts and budgets for the coming year 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 historic and current industry knowledge, taking future growth into account. 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. This position was obviously assisted greatly by the successful fundraising in June 2010 and establishing other sources of finance to help support future working capital requirements will remain a priority through 2011 and beyond to ensure that future growth opportunities can all be vigorously pursued.

Key performance indicators (KPIs)

The Board is focussed on a number of KPIs that are used to measure performance. The Group's performance against these metrics for 2010 on a like-for-like basis was as follows:

Target	Performance
Growth in total revenues	increased by £2.5m (24%)
Growth in bioplastic revenues by Biome Bioplastics	increased by £1.2m (44%)
Growth in total gross margin	increased by £0.5m (23%)
Reduction in loss from operations	reduced by £0.6m (25%)

Advisers

In the first quarter of 2011 we announced the appointment of Daniel Stewart & Company plc as the Company's Nominated Adviser and Joint Broker. The Company has also appointed First Columbus Investments as its Joint Broker. The Board believe that these advisers are best suited to supporting Biome's strategy at this stage of the businesses' development.

Employees

I would like to thank the Biome staff for another excellent contribution this year. In the pursuit of driving the business towards profitability they have accepted salary reductions and the requirement for extra effort and changed working patterns. With a significant team effort they have delivered growth across the Group and developed more successful products and revenues.

Paul Mines

Chief Executive Officer

**CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME**
For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
REVENUE	4a - 4b	13,442	17,911
Cost of sales		(10,795)	(14,263)
GROSS PROFIT		2,647	3,648
Administrative expenses		(4,591)	(6,251)
LOSS FROM OPERATIONS	4a - 4b	(1,944)	(2,603)
Investment revenue		52	33
Finance charges		(68)	(167)
Foreign exchange loss		(295)	(815)
LOSS BEFORE TAXATION		(2,255)	(3,552)
Taxation		86	100
LOSS FOR THE YEAR		(2,169)	(3,452)
Other comprehensive income:			
Exchange differences on translating foreign operations		(127)	(562)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,296)	(4,014)
Loss for the period attributable to:			
Equity holders of the parent		(2,189)	(3,195)
Minority interest		20	(257)
LOSS FOR THE YEAR		(2,169)	(3,452)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		(2,316)	(3,415)
Non-controlling interest		20	(599)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,296)	(4,014)
Basic and diluted loss per share - pence	6	(0.047)	(0.104)

**CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
As at 31 December 2010**

	Note	2010 £'000	2009 £'000
NON-CURRENT ASSETS			
Goodwill	7	7,583	15,426
Other intangible assets	8	1,138	848
Property, plant and equipment	9	1,936	4,105
		<u>10,657</u>	<u>20,379</u>
CURRENT ASSETS			
Inventories	10	708	2,558
Trade and other receivables	11	6,811	2,930
Cash and cash equivalents		3,963	3,219
		<u>11,482</u>	<u>8,707</u>
TOTAL ASSETS		<u><u>22,139</u></u>	<u><u>29,086</u></u>
CURRENT LIABILITIES			
Trade and other payables		2,562	2,303
Promissory notes payable	12	3,408	6,999
Obligations under finance leases		158	297
		<u>6,128</u>	<u>9,599</u>
NON-CURRENT LIABILITIES			
Obligations under finance leases		97	529
TOTAL LIABILITIES		<u><u>6,225</u></u>	<u><u>10,128</u></u>
NET ASSETS		<u><u>15,914</u></u>	<u><u>18,958</u></u>
EQUITY			
Share capital	13	5,885	3,078
Share premium account		38,623	38,623
Share options reserve		742	611
Translation reserve		1,098	1,225
Retained losses		(30,434)	(28,112)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		<u>15,914</u>	<u>15,425</u>
Non-controlling interest		-	3,533
TOTAL EQUITY		<u><u>15,914</u></u>	<u><u>18,958</u></u>

The financial statements were approved by the Board on 23 March 2011.

Signed on behalf of the Board of Directors

Paul R Mines (Chief Executive)
Susan J Bygrave (Group Finance Director)
23 March 2011

**CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
As at 31 December 2010**

	Share capital £'000	Share premium account £'000	Share options reserve £'000	Translation reserves £'000	Retained losses £'000	Attributable to equity holders of the parent £'000	Non- controlling interest £'000	TOTAL EQUITY £'000
Balance at 1 January 2010	3,078	38,623	611	1,225	(28,112)	15,425	3,533	18,958
Share options charges in year	-	-	131	-	-	131	-	131
Issue of share capital	2,807	-	-	-	(133)	2,674	-	2,674
Transactions with owners	2,807	-	131	-	(133)	2,805	-	2,805
Loss for the year	-	-	-	-	(2,189)	(2,189)	20	(2,169)
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(127)	-	(127)	-	(127)
Total comprehensive income for the year	-	-	-	(127)	(2,189)	(2,316)	20	(2,296)
Reclassification of Biotec as a Joint Venture	-	-	-	-	-	-	(3,553)	(3,553)
Balance 31 December 2010	5,885	38,623	742	1,098	(30,434)	15,914	-	15,914
Balance at 1 January 2009	3,078	38,623	494	1,445	(24,917)	18,723	4,132	22,855
Share options charges in period	-	-	117	-	-	117	-	117
Transactions with owners	-	-	117	-	-	117	-	117
Loss for the year	-	-	-	-	(3,195)	(3,195)	(257)	(3,452)
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(220)	-	(220)	(342)	(562)
Total comprehensive income for the year	-	-	-	(220)	(3,195)	(3,415)	(599)	(4,014)
Balance 31 December 2009	3,078	38,623	611	1,225	(28,112)	15,425	3,533	18,958

**CONSOLIDATED STATEMENT
OF CASH FLOWS
For the year ended 31 December 2010**

	2010 £'000	2009 £'000
Loss from operations	(1,944)	(2,603)
Adjustment for:		
Amortisation and impairment of intangible assets	177	78
Depreciation of property, plant and equipment	372	702
Share based payments	131	117
Profit on disposal of property, plant and equipment	-	(2)
Foreign exchange	(45)	(88)
Operating cash flows before movement in working capital	(1,309)	(1,796)
Decrease/(increase) in inventories	719	(190)
Increase in receivables	(1,256)	(865)
Increase in payables	765	532
Cash utilised by operations	(1,081)	(2,319)
Corporation tax (paid)/received	-	100
Interest paid	(35)	(99)
Net cash outflow from operating activities	(1,116)	(2,318)
Cash flows from investing activities		
Interest received	19	33
Cash reduction on reclassification of Biotec as a Joint Venture	(138)	-
Proceeds on disposal of property, plant and equipment	-	2
Investment in intangible assets	(391)	(432)
Purchase of property, plant and equipment	(152)	(69)
Net cash used in investing activities	(662)	(466)
Financing activities		
Repayment of obligations under finance lease	(146)	(270)
Proceeds from the issue of shares	2,674	-
Net cash inflow/(outflow) from financing activities	2,528	(270)
Net increase/(decrease) in cash and cash equivalents	750	(3,054)
Cash and cash equivalents at beginning of year	3,219	6,381
Effect of foreign exchange rate changes	(6)	(108)
Cash and cash equivalents at end of year	3,963	3,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

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 2010 or 2009 but is derived from those financial statements. Statutory financial statements for 2009 have been delivered to the Registrar of Companies. Those for 2010 will be delivered following the Company's Annual General Meeting, which will be convened on 5 May 2011. 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 auditor's report on the 2009 financial statements did, however, contain an emphasis of matter statement in respect of going concern as, although the directors had announced their intention to raise £3.5m before expenses from an issue of shares, the fund raising had not, at that stage, been completed and there were material uncertainties surrounding the other courses of action that would otherwise have had to have been taken which could have cast significant doubt over the Group and Company's ability to continue as a going concern. The fund raising was successfully completed on 15 June 2010.

The financial statements, and this preliminary statement, of the Group for the year ended 31 December 2010 were authorised for issue by the Board of Directors on 23 March 2011 and the balance sheet was signed on behalf of the Board by Paul R Mines and Susan J Bygrave.

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 2010. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. At 31 December 2010 the subsidiary undertakings were Biome Bioplastics Limited, Stanelco RF Technologies Limited, Aquasol Limited, InGel Technologies Limited (dormant) and Stanelco Inc (dormant).

Biotec Holding GmbH ("Biotec"), Biotec Biologische Naturverpackungen GmbH & Co KG and Biotec Biologische Naturverpackungen Forschungs-und Entwicklungs GmbH were subsidiaries of the Company until 31 December 2009 as, although the Company's shareholding was only 50%, it was party to an agreement giving it a casting vote over all material decisions until that date. Biotec and its subsidiaries were, therefore, accounted for as subsidiaries of the Company on the basis of control until 31 December 2009. The casting vote expired on 31 December 2009 and from 1 January 2010 Biotec and its subsidiaries have, therefore, been accounted for as a 50:50 joint venture using the proportional consolidation method. This means that only 50% of the joint ventures assets and liabilities are included in the balance sheet at 31 December 2010 compared with 100% at 31 December 2009 and that only 50% of its revenues and expenses are included in the Group's consolidated statement of comprehensive income for the year ended 31 December 2010 compared with 100% in 2009. No profit or loss on disposal has been recognised in the Group's consolidated statement of comprehensive income as a result of the expiry of the casting vote as the Board considers that the carrying value of the subsidiary given up (net of the non controlling interest) is equal to the fair value of the interest retained.

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 2010

	Bioplastics	RF Technologies	Central Costs	Total
	2010	2010	2010	2010
	£'000	£'000	£'000	£'000
Revenue from external customers	11,048	2,394	-	13,442
(LOSS)/PROFIT FROM OPERATIONS	(809)	413	(1,548)	(1,944)
Investment revenue				52
Finance charges				(68)
Foreign exchange loss				(295)
LOSS BEFORE TAXATION				(2,255)
TOTAL ASSETS	16,917	2,169	3,053	22,139

4b. SEGMENTAL INFORMATION FOR YEAR ENDED 31 DECEMBER 2009

	Bioplastics	RF Technologies	Central Costs	Total
	2009	2009	2009	2009
	£'000	£'000	£'000	£'000
Revenue from external customers	16,590	1,321	-	17,911
(LOSS)/PROFIT FROM OPERATIONS	(799)	40	(1,844)	(2,603)
Investment revenue				33
Finance charges				(167)
Foreign exchange loss				(815)
LOSS BEFORE TAXATION				(3,552)
TOTAL ASSETS	24,601	1,299	3,186	29,086

The Bioplastics division comprises of Biome Bioplastics Limited, Aquasol Limited and the Group's interest in its joint venture, Biotec. As explained in Note 3, only 50% of Biotec's assets and liabilities are included in the balance sheet at 31 December 2010 compared with 100% at 31 December 2009 and only 50% of its revenues and expenses are included in the Group's consolidated statement of comprehensive income for the year ended 31 December 2010 compared with 100% in 2009.

5. 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 2009 has now been settled. A tax credit has, therefore, been recognised in the Group's financial statements in respect of that claim.

6. 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 £2,189,000 (2009: £3,195,000) and a weighted average of 4,616,163,063 (2009: 3,078,340,917) ordinary shares in issue.

7. GOODWILL

The significant decrease in goodwill since 31 December 2010 results primarily from consolidating only 50% of the goodwill in Biotec at 31 December 2010. The remaining decrease is due to foreign exchange movements and to a £101,000 impairment in the goodwill in respect of Aquasol.

8. OTHER INTANGIBLE ASSETS

Other intangible assets increased in the year as a result of the capitalisation of £391,000 of product development costs (2009: £432,000). The amortisation charge for the year was £76,000 (2009: £78,000).

9. PROPERTY, PLANT AND EQUIPMENT

The significant decrease in property, plant and equipment during 2010 results primarily from consolidating only 50% of the property, plant and equipment in Biotec at 31 December 2010. £152,000 of property, plant and equipment was acquired in the year (2009: £69,000). The depreciation charge for the year was £372,000 (2009: £702,000).

10. INVENTORIES

The impact of consolidating only 50% of the inventories in Biotec at 31 December 2010 was a reduction in Group inventories of £1,092,000. Excluding this and the effect of foreign exchange movements, Group inventories reduced by £719,000 to just £708,000. This was primarily due to a short term raw material supply issue which meant that finished stocks in the Bioplastics division were unusually low at the year end. This supply issue now appears to have been resolved.

11. TRADE AND OTHER RECEIVABLES

At 31 December 2010, trade and other receivables includes £3,440,000 in respect of a Euro denominated loan made to Biotec in the form of promissory notes. This amount is 50% of the full loan balance and represents the loan made to the 50% share of the joint venture owned by SPhere. Since this share of the joint venture is no longer consolidated the balance is no longer fully eliminated as it was at 31 December 2009. Interest is calculated at one per cent per annum on the outstanding loans. The promissory notes are repayable at the end of any calendar year with three months' notice. On this basis the notes are included on the balance sheet at the face value which is equivalent to fair value. During the year the depreciation of the Euro resulted in a reduction of £126,000 in the value of this balance.

12. PROMISSORY NOTES PAYABLE

Promissory notes are amounts due from Biotec and its subsidiaries to the 50 per cent shareholder, SPhere. From 1 January 2010 only 50% of these notes have been consolidated in the Group's accounts, reflecting just the Group's share of the liability. Amounts due represent the principal loans plus unpaid interest. Interest is calculated at one per cent per annum on the outstanding loans. The promissory notes are repayable at the end of any calendar year with three months' notice. On this basis the notes are included on the balance sheet at the face value which is equivalent to fair value. The promissory notes are not subject to interest rate risk as interest is fixed at 1%. During the year the depreciation of the Euro resulted in a reduction of £126,000 in the value of the Group's share of these promissory notes.

13. SHARE CAPITAL

On 15 June 2010, the Company completed a Firm Placing and Placing and Open Offer for its shares, issuing a further 2,806,525,416 shares to new and existing shareholders. This raised a total of £2,674,000 net of expenses of £835,000. As a result, share capital increased by £2,807,000, the nominal value of the shares issued. The expenses have been offset against the share premium of £702,000 on the shares issued, with the balance of £133,000 being added to retained losses.

14. CONTINGENT LIABILITIES

Novamont S.p.A's proceedings against Biotec Biologische Naturverpackungen GmbH & Co KG, Germany ("Biotec") remain ongoing.

The first court judgement in France was received in April 2010 and was in favour of Biotec. Further action by either party by way of appeal in the French court remains possible. The cases in Milan and Turin continue and court decisions here may be expected within twelve months.

Biome and Biotec continue to take professional and technical advice with regard to this litigation and are confident of further successful court outcomes. The Board has sought and will continue to seek the complete resolution of this matter as soon as possible.