

**25 August 2015**

**OXACO PLC  
(Formerly OXFORD ADVANCED SURFACES GROUP PLC)  
(AIM: OXA)**

**Half Year results for the period ended 30 June 2015**

OXACO PLC ("the Company") the AIM listed technology developer targeting a number of global markets including automotive, aerospace, electronics and renewable energy announces its half year results for the period ended 30 June 2015.

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**Chairman's statement**

In conclusion of the measures announced over the last twelve months following a strategic review by the Board, today the Company has announced plans to progress its existing strategic objective of becoming an advanced materials and technology solutions business. It is intended that this will be achieved through the acquisition of Cronin 3D Limited and the demerger of Oxford Advanced Surfaces Limited, details of which can be found in a circular to be published by the Company today.

The remainder of the statement provides an update on the progress achieved at Oxford Advanced Surfaces Limited, in which the Company currently holds an interest of approximately 77.54%.

**Strategic Review**

Oxford Advanced Surfaces Limited

Oxford Advanced Surfaces Limited ("OAS") continues to make solid progress. The business has now significantly de-risked its technical offering and has delivered a broader range of products to the market that address the preparation and processing issues faced by the users of advanced materials.

Everything you use contains materials that need to be prepared and processed and this often requires some form of painting, coating or bonding. There is a global drive for advanced and light-weight materials which deliver excellent bulk properties but present significant preparation and processing challenges. Manufacturers now face a paradigm shift in advanced materials processing - current solutions are often ineffective, time-limited, un-scalable or detrimental to the environment

OAS provides unique, effective and simple solutions to the modern preparation and processing challenges that address these issues. Usually just one product from OAS will work on multiple materials and thus reduce the customer's need for a different preparation for each material type.

Working closely with our customers we provide technical support and evaluation products to assess the

performance of our solutions for preparation and processing problems. Currently we have 32 product evaluations along with a pipeline of 47 additional opportunities. We have also moved three of these evaluations past the technical assessment stage and they are now being assessed either by the commercial team or by the customer's end user.

Our focus continues to be on the automotive and industrial markets, however our products are specific to the materials and coatings they are designed for, rather than the end application, so we are also expanding our markets out to aerospace, defence, clean energy and marine - significant growth markets for advanced materials.

Since the last report we have launched a new website and also employed a business development executive with significant experience in our target markets. The Board of OAS is now seeking an additional round of funding to support the business through the commercialisation of its products.

#### Onto™ Technology Offering

Onto™ brings a number of benefits to the customer including increased performance, simplified production processes, improved efficiency and sound environmental credentials. We can modify the surface of many hard-to-bond materials in many forms, from particles and fibres through to panels and three dimensional shapes. We are equally effective with small scale off-line processes as we are with high volume in-line manufacturing.

Onto™ products:

- do not damage the surface or impair the bulk properties of the material
- provide consistent results and reduce rejection rates
- can be integrated into existing production processes
- use standard commercial coating and curing equipment
- provide a long usage window
- remove bottle-necks and need for in-line processing
- reduce manual processes and errors
- contain no harmful hydrocarbons
- reduce VOCs in production and consumer use
- are effective on multiple substrates and coatings

The EP1000 and SB1000 series of Onto™ based surface treatments provides manufacturers with versatile coating and bonding solutions for engineering plastics, composites, aluminium, carbon-based materials and other difficult-to-bond substrates. We also offer evaluation products for acrylate inks and coatings (EP2000), as well as a system for the adhesion of metal deposition onto plastic films (EP3000).

Our final product range is for fibre sizing. A composite is the combination of one or more reinforcement agents (e.g. carbon fibre) and a matrix (e.g. epoxy resin). The properties of the final material are usually quite distinct from the original components. A fundamental element of fibre based composites is the bond strength between the fibre and the matrix which usually requires a sizing or adhesion promoter. There are a significant number of sizing solutions for carbon and glass fibre products, but other high-performance materials are less well served and present highly attractive markets for OAS.

#### **Financial Results**

Group income for the six month period ended 30 June 2015 was £54,000 (2014: £19,000). This was generated through the sale of evaluation and commercial products of £15,000 (2014: £3,000) along with a further £39,000 (2014: £16,000) from grant funding. The loss before tax for the six month period was £446,000 (2014: £546,000).

Research and development costs decreased from £276,000 to £183,000 with Reactive Chemistry costs decreasing from £235,000 to £183,000 and those associated with Particle Technologies reduced from £34,000 to £nil.

Interest from deposits for the period amounted to £2,000 (2014: £12,000). This reduction was driven by the lower cash balance and the lack of availability of attractive interest rates in the current financial market.

We continue to utilise the benefits from enhanced research and development tax credits and also seek available tax repayments under the Small and Large Company schemes. For the period to 30 June 2015 this credit amounted to £18,000 (2014: £32,000).

The Group has £2,139,000 of cash held on instant access of which £1,790,000 remains in the Parent Company.

#### **Outlook**

The board and management team believe that the revised strategy and long term plans better positions both the PLC and OASL for future success.

We would like to take this opportunity to thank our shareholders for their continued support. We would also like to thank our committed staff who continue to work tirelessly to progress our technology to commercial success.

## INTERIM CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Unaudited interim consolidated financial statements to 30 June 2015

	Six months to 30 June 2015	Six months to 30 June 2014	Year to 31 December 2014
	Unaudited £'000	Unaudited £'000	Audited £'000
<b>Continuing Operations</b>			
Revenue	15	3	17
Other income - Grants	39	16	69
<b>Total Income</b>	<b>54</b>	<b>19</b>	<b>86</b>
Cost of sales	(41)	(17)	(65)
Research and development costs	(183)	(276)	(494)
Administrative costs	(278)	(284)	(579)
<b>Operating loss</b>	<b>(448)</b>	<b>(558)</b>	<b>(1,052)</b>
Finance income	2	12	15
<b>Loss before tax</b>	<b>(446)</b>	<b>(546)</b>	<b>(1,037)</b>
Income tax credit	18	32	47
<b>Loss and total comprehensive loss for the period</b>	<b>(428)</b>	<b>(514)</b>	<b>(990)</b>
<b>Loss and total comprehensive loss for the period attributable to:</b>			
The Company's equity shareholders	(344)	(514)	(939)
Non-controlling interests	(84)	-	(51)
	<b>(428)</b>	<b>(514)</b>	<b>(990)</b>
Loss per share attributable to the equity holders of the company:			
Total and continuing:			
- Basic and diluted (pence)	(0.22)	(0.26)	(0.50)

There were no items of other comprehensive income for the periods covered by these statements and therefore the loss for the year is also the total comprehensive loss for the year net of tax.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited interim consolidated financial statements to 30 June 2015

	30 June 2015	30 June 2014	31 December 2014
	Unaudited £'000	Unaudited £'000	Audited £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	315	333	319
Plant and equipment	57	123	86
	<b>372</b>	<b>456</b>	<b>405</b>
<b>Current assets</b>			
Trade and other receivables	106	61	63
Corporation tax recoverable	65	172	47
Short-term investments and cash and cash equivalents	2,139	2,227	2,563
	<b>2,310</b>	<b>2,460</b>	<b>2,673</b>
<b>Liabilities</b>			

<b>Current liabilities</b>			
Trade and other payables	141	136	113
<b>Net Current Assets</b>	<b>2,169</b>	<b>2,324</b>	<b>2,560</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	13	10	13
<b>Net Assets</b>	<b>2,528</b>	<b>2,770</b>	<b>2,952</b>
<b>Shareholders' equity</b>			
Called up share capital	1,977	1,977	1,977
Share premium	10,603	10,603	10,603
Merger reserve	6,369	6,369	6,369
Reverse acquisition reserve	(6,831)	(6,831)	(6,831)
Retained earnings	(10,082)	(9,661)	(9,738)
Share-based payments reserve	323	313	319
<b>Total equity attributable to equity holders of the Company</b>	<b>2,359</b>	<b>2,770</b>	<b>2,699</b>
Non-controlling interests	169	-	253
<b>Total Equity</b>	<b>2,528</b>	<b>2,770</b>	<b>2,952</b>

### INTERIM CONSOLIDATED CASH FLOW STATEMENT

Unaudited interim consolidated financial statements to 30 June 2015

	Six months to 30 June 2015	Six months to 30 June 2014	Year to 31 December 2014
	Unaudited £'000s	Unaudited £'000s	Audited £'000s
Loss before tax	(446)	(546)	(1,037)
Depreciation and amortisation charges	42	58	112
Impairment of intangible assets	-	-	15
Impairment of property, plant and equipment	-	-	13
Loss/(profit) on disposal of plant and equipment	1	(1)	(5)
Share-based payment expense	4	5	11
Finance income	(2)	(12)	(15)
	<b>(401)</b>	<b>(496)</b>	<b>(906)</b>
Increase in trade and other receivables	(44)	(4)	(7)
Increase/(decrease) in trade and other payables	28	16	(4)
<b>Cash outflow from operations</b>	<b>(417)</b>	<b>(484)</b>	<b>(917)</b>
Income tax received	-	-	140
<b>Net cash outflow from operating activities</b>	<b>(417)</b>	<b>(484)</b>	<b>(777)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of plant and equipment	-	-	5
Purchase of intangible assets	(9)	(30)	(47)
Purchase of plant and equipment	(1)	(31)	(46)
Interest received	3	12	16
<b>Net cash outflow from investing activities</b>	<b>(7)</b>	<b>(49)</b>	<b>(72)</b>
<b>Net cash from financing activities</b>			
Issue of shares to non-controlling interests	-	-	652
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>	<b>652</b>
Decrease in cash and cash equivalents	(424)	(533)	(197)
Cash and cash equivalents at beginning of year	2,563	2,760	2,760
<b>Cash and cash equivalents at end of year</b>	<b>2,139</b>	<b>2,227</b>	<b>2,563</b>

Under IAS 7 cash held on long-term deposits that cannot readily be converted into cash has been classified as short term investments. These investments range between three and 12 months.

### INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A copy of these interim condensed consolidated financial statements will be available on the Group's website [www.oxaco.co.uk](http://www.oxaco.co.uk)

This information is provided by RNS  
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