20 September 2016

Xeros Technology Group plc

Major progress in developing and commercialising platform technology

Xeros Technology Group plc (AIM: XSG, 'the Group', 'Xeros'), the developer and provider of patented polymer bead systems with multiple commercial applications, publishes its second unaudited interim results for the six months ended 30 June 2016.

Highlights

Platform technology

- Possess disruptive bead technology platform which can be deployed in numerous global markets
- Good progress in application areas creating considerable interest from industry leaders with capacity for scaling up adoption

Laundry

- Earned income up to £807,000 (comparative period 2015: £325,000)
- Commercial Laundry:
  - 116 commercial washing machines installed (comparative period 2015: 50) bringing total estate to 278
  - In advanced discussions with industry leaders to increase growth rate
- Consumer Laundry:
  - Major strides in fabric care and extended garment life
  - Detailed evaluation of domestic technology being carried out by global OEM

Leather

- Six successful scale trials with leading European tannery
- Trials confirmed significant savings in water, chemistry and effluent
- Business plan formulated to introduce technology in up to five tanneries in 2017

New applications

- Detailed studies completed - two soft and one hard substrate
- IP development and applications underway including new bead formulations with the capacity to further reduce chemistry consumption
- Ambition is to achieve successful scale trials in each of the areas by end 2018

Mark Nichols, Chief Executive of Xeros, said:

"It's now clear that we have a disruptive bead technology platform that can be commercialised across a range of global industries.

"In Commercial Laundry, we are increasingly accepted in a customer segment which has the capacity for thousands of machine installations. We are in detailed discussions with a number of leading market participants, and we are confident of achieving an annual installation rate of 2,000 per annum in the year of 2020.

"We have developed a low risk pathway to establishing our washing and cleaning technology for use by end consumers. A global OEM is currently evaluating the benefits of our technology.

"The pace of our Leather Processing trials in conjunction with our development partners, Wollsdorf Leder Schmidt ("Wollsdorf") in Austria and LANXESS, has accelerated ahead of our own expectations. We aim to achieve large scale commercialisation by the end of 2018.

"We have selected three new application areas for development, which we expect to have the same commercial potential as Laundry and Leather Processing. Whilst there is a great deal of R&D and engineering work to be done, we have set our teams the task of achieving successful scale trials in each of these three new areas by the end of 2018."

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Notes to Editors

Xeros Technology Group plc (LN: XSG) is a platform technology company that is reinventing water intensive industrial and commercial processes by replacing water with polymer bead technologies. Its patented technologies have the capacity to provide material economic, operational and sustainability improvements that are unachievable with traditional processes. The Group first applied its technology in the commercial laundry market in advance of developing a system for use in the home. Subsequently, it has demonstrated its technology in the leather processing industry and its R&D teams are developing a number of additional applications for other water intensive industrial and commercial markets. The Group joined AIM in 2014 and in December 2015 raised gross proceeds of £40m by way of a placing to accelerate the commercialisation of its innovative technology across global laundry markets and to further develop its patented technology for other identified industrial and domestic processes.

For more information, please visit – http://www.xeroscleaning.com/

Strategic overview

Our strategy remains to deploy Xeros' polymer bead platform technology across a number of water intensive processes, which it has the ability to fundamentally transform.

We continue to accumulate firm evidence that the technology is able to reduce cost in a number of scale processes in global industries whilst radically improving quality and sustainability outcomes.

Funds raised last December are now being deployed across a balanced portfolio of developments - Laundry, Leather Processing and New Applications – with focussed resources now dedicated to each of these areas.

Laundry

We continue to make progress in the Commercial Laundry market with an increasing number of installations with customers who have the potential to deploy large numbers of our machines – 116 in the period bringing the estate to 278. 77% of machines sold in the period were sold through a lease arrangement, the "Complete" contract, with the remainder bought outright by the customer under the "Perform" contract.

Having exceeded our targets for bringing on board Forward Channel Partners ("FCPs"), we are now focussing on developing a number of them to the point where they provide all the services that our customers require including marketing, sales, service and the commissioning of machines once they have been installed.

Customer satisfaction levels have remained above 90% for the year to date. Our smaller 16Kg machine has now entered the field with trial customers allowing us to increase the penetration of the hospitality and UK markets in particular. Discussions are ongoing with global OEMs to distribute machines incorporating Xeros technology and to provide Sbeadycare services on a multi-national basis.

As a consequence of the increasing interest in the Xeros proposition across the entire United States, the business' ability to commission machines has not kept pace with the rate at which machines have been installed. We are increasing our internal resources and systems significantly to close this gap pending the training of local FCPs to undertake the commissioning activity. The outcome will be to minimise the time between installation and income being booked, and to minimise working capital.

Since the beginning of the year, we have also been focussing on the steps we need to take to get our technology broadly deployed with in the home. We are currently involved in detailed discussions and evaluations with a global domestic appliance OEM with a view to it developing a machine which incorporates our technology.

In order to stimulate consumer demand and awareness in the interim, we plan to introduce a service which we will pilot in the US in 2017, whereby consumers can outsource the cleaning to Xeros of some of their highly valued but hard to wash items. Our proposition is based upon extensive market research which tells us that consumers currently value highly fabric care and garment life extension over cost savings and sustainability. Xeros delivers outstanding performance against each of these criteria. We believe that outsourced, on-demand cleaning has the capacity to become a business in its own right and we will continue to study its potential up to and through our pilot programme.

Leather Processing

Xeros has successfully completed six full scale trials in Austria with our development partner, Wollsdorf, who were awarded Tannery of the year for 2014 by World Leather Magazine.

Five of the trials were in the retanning and dyeing phase where we achieved reductions in water consumption by approximately 60% and effluent mass by around 50%. We also reduced chemistry consumption by a material amount.

Early indications are that the results of the sixth trial in the upstream tanning phase are similarly positive. We believe the results that we have achieved in the Wollsdorf tannery are transformational for the industry at large, delivering significant cost and much needed environmental benefits.

The total leather market is estimated to be £50bn per annum with the bovine segment accounting for £42bn, of which £3bn is spent on chemistry and £193m on water[1]. The application of our technology within this industry does not require wholesale process change and its adoption is well within the capabilities of most tanneries. The costs of adoption of Xeros' technology are recovered by tanneries in relatively short order from the benefits they accrue. Also, our technology does not displace competitors and market resistance should be low as a result.

We have agreed in principle with LANXESS to continue our co-operation and that they remain our leather chemical supplier of choice including for formulation know-how and new formulations which have the capacity to bring additional benefits to the industry.

We now have a team of 15 in Leather Processing and we expect first revenues in early 2017. Following this we anticipate growing the business to one of significant scale over the coming years, with up to five tanneries targeted to adopt our technology in 2017.

New applications

Following a review of in excess of 100 potential applications ideas and a structured analysis of water intensive processes, we have selected three specific applications for further R&D within the Xeros Technology Centre in Sheffield.

Two of the developments are on soft flexible substrates with the third being a hard substrate: a first for the Company with Laundry and Leather Processing classified as soft. We consider all three new areas to have scientific and engineering aspects in common with our work and experience in Laundry and Leather, which should make for a shorter development lifecycle.

We are developing intellectual property strategies for these three applications and are beginning to make important patent applications in key areas. Whilst much work needs to be completed, we are targeting scale trials for the new applications by the end of 2018.

Work continues on our next generation of polymer beads with the aim of using them as a carrier for specific chemistries taking them directly to the surface of substrates and in so doing, reducing yet again the amount of chemistry used in processes.

Organisation

We have greatly increased the capacity of the organisation with specialist teams now dedicated to specific lines of business or development areas. Our Commercial Laundry engineering function is now consolidated within the Engineering Centre in Seekonk, Massachusetts, which has freed up resources and facilities in the Xeros Technology Centre for work on our new applications. In light of this, we will be providing segmental reporting for Leather, Laundry and New Applications in our year end accounts.

Summary and Outlook

We continue to make excellent progress on our growth commercialisation strategies.

We have continued to drive and develop the Commercial Laundry business and are confident of achieving our 2020 targets. We are in advanced discussions with a number of industry partners to speed up market penetration and returns. We have a plan to penetrate the Consumer Laundry market in what we believe is an achievable series of steps.

Scale trials in Leather Processing have yielded results ahead of our expectations and we are now prosecuting our plan to penetrate this market.

With the path forward clear, we are now focussing on the rapid execution of our plans. Over the longer term, the opportunity for our technology to be adopted within, and fundamentally change, global industries is highly significant.

Our aim is to maximise the deployment of our platform technology using commercialisation partners once market acceptance is achieved, thereby minimising the time and capital intensity required to generate significant returns on our disruptive innovations.

Notes:

1. DLP Advisors report (commissioned by Xeros)

Financial review

Group earned income was generated as follows:

	Unaudited 6 months to 30 June 2016 £'000	*Unaudited 6 months to 30 June 2015 £'000*	*Year ended 31 July 2015 £'000*
Machine sales	**509**	213	289
Service income	**271**	104	177
Lease interest income	**27**	8	14
Total earned income	**807**	325	480

Group earned income increased by 148% to £807,000 in the six months ended 30 June 2016 when compared to the comparative period (30 June 2015: £325,000).

Notably, service income from the installed base of Commercial Laundry machines has increased significantly during the six months ended 30 June 2016, to more than 2.5 times the service income generated in the comparative period.

The point at which revenue and costs from machine sales can be recognised is dependent on the completion of a number of stages. These include the installation of the machine, commissioning of the machine, acceptance of the machine by the customer, completion of utility incentive formalities, where applicable, and then, in the case of lease sales, finalisation of the lease agreement. The Group does not recognise revenue and costs from a machine sale until all of these aspects are complete.

The number of machines installed in the period is as follows:

	6 months to 30 June 2016 No.	*6 months to 30 June 2015 No.*	*Year ended 31 July 2015 No.*
Machines sold – revenue and costs taken to P&L statement	**30**	12	16
Machines commissioned and generating service revenue, but machine sale revenues and costs not yet recognised	**14**	20	32
Machines installed but not yet commissioned	**72**	18	34
Machines installed in the period	**116**	50	82

The installed estate of machines at the end of the period is as follows:

	30 June 2016 No.	*30 June 2015 No.*	*31 July 2015 No.*
Machines sold	**97**	38	40
Machines commissioned	**56**	25	32
Machines installed	**125**	24	34
Machines estate at the end of the period	**278**	87	106

Until a machine is sold it remains in inventory. At 30 June 2016 there were 181 installed machines in stock (30 June 2015: 49 machines) and, as a consequence, inventory levels have increased as at 30 June 2016.

As at 30 June 2016 contracted future service revenues amount to £3.2m (30 June 2015: £1.0m) and average contract length is 73 months (30 June 2015: 74 months).

Adjusted gross margin improved to £160,000 (19.8%) from £46,000 (14.2%) in the six months ended 30 June 2015. Sales and service margins continue to be in line with expectations.

The Group has continued to invest in its R&D programme. The Group spent £2.7m on R&D including staff and patent costs (six months ended 30 June 2015: £1.9m) alongside the Commercial Laundry working capital and start-up costs, in line with the Board's expectations. This has resulted in an Adjusted EBITDA loss of £7.4m, increased from a loss of £5.6m in the comparative period.

The continuing strength of the US$ means that working capital and start-up costs in the US Commercial Laundry business are proportionally more expensive when translated into Sterling, the Group's functional currency. However, a strong US$ will benefit the Group financial statements as the US business grows to generate cash and become profitable. As at 30 June 2016 the Group had forward contracts to buy US$17.1m at favourable exchange rates, as a consequence of exchange rate risk management of costs to be incurred by the US Commercial Laundry business, put in place before the vote on Brexit. The weakness of Sterling since the vote on Brexit has resulted in a £0.9m gain on these forward contracts as at 30 June 2016. This unrealised gain has been taken to the consolidated statement of profit and loss, through the Finance income line, and has been recognised in current assets.

The Group reported a loss after tax of £6.1m (six months ended 30 June 2015: £5.5m). The loss per share decreased to 7.18p from 8.33p in the 6 months ended 30 June 2015.

The Group expects cash utilisation to continue to accelerate over the coming years, as we continue to fund our R&D programme alongside the roll-out in Commercial Laundry and to start the commercialisation in Leather Processing. The increase in net cash outflow from operations to £10.4m (six months ended 30 June 2015: £6.4m) reflects these activities and was in line with the Board's expectations. The Group had existing cash resources as at 30 June 2016 of £39.4m (30 June 2015: £17.5m) and remains debt free.

The Group has tax losses of approximately £26.1m to offset against future taxable profits (30 June 2015: £18.0m). No deferred tax asset has been recognised at this stage due to the uncertainty of future profits to offset these losses against.

Accounting reference date change

Historically the Group was predominantly a research and development business with strong university and academic links. A 31 July year end was therefore consistent with the business as it then was. The Group has changed its accounting reference date to 31 December, primarily to bring it into line with a more conventional commercial company reporting timeframe, consistent with the development of its commercial operations, in order to provide ease of reference for investors, customers, managers and employees.

The effect of the change to the accounting reference date is to extend the current accounting period to 31 December 2016, a period of more than 15 months. In accordance with Rule 18 of the AIM Rules, therefore, the Company has prepared these unaudited results for the six months to 30 June 2016, has announced unaudited results for the 5 months to 31 December 2015, and will announce audited results for the 17 month period to 31 December 2016no later than 18 May 2017

The Group will subsequently publish its half-yearly reports to 30 June and annual audited accounts to 31 December in accordance with the AIM Rules for Companies.

Consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2016

	Note	**Unaudited Six months ended 30 June 2016 £'000**	Unaudited Six months ended 30 June 2015 £'000	Year ended 31 July 2015 £'000
Earned income		**807**	325	480
Less: lease interest income		**(27)**	(8)	(14)
Revenue		**780**	317	466
Cost of sales		**(647)**	(279)	(399)
Gross profit		**133**	38	67
Lease interest income		**27**	8	14
Adjusted gross margin		**160**	46	81
Administrative expenses		**(8,334)**	(6,054)	(11,102)
Other operating income		**-**	-	174
Adjusted EBITDA*		**(7,434)**	(5,554)	(9,868)
Share-based payment expense		**(654)**	(426)	(916)
Depreciation of tangible fixed assets		**(113)**	(36)	(77)
Operating loss		**(8,201)**	(6,016)	(10,861)
Finance income		**1,153**	94	192
Loss before taxation		**(7,048)**	(5,922)	(10,669)
Taxation	**3**	**917**	472	464
Loss after tax		**(6,131)**	(5,450)	(10,205)
Other comprehensive income				
Items that are or maybe reclassified to profit or loss:				
Foreign currency translation differences - foreign operations		**(551)**	91	16
Total comprehensive expense for the period		**(6,682)**	(5,359)	(10,189)
Loss per ordinary share				
Basic and diluted on loss from continuing operations	**5**	**(7.18)p**	(8.33)p	(15.62)p

* Adjusted EBITDA comprises loss on ordinary activities before interest, tax, share-based payment expense, depreciation and amortisation.

Consolidated statement of changes in equity

For the six months ended 30 June 2016

	Share capital £000	Share premium £000	Merger reserve £000	Foreign currency translation reserve £000	Retained earnings deficit £000	Total £000
At 31 July 2014	**98**	**28,132**	**15,443**	**(38)**	**(13,137)**	**30,498**
Loss for the period	-	-	-	-	(3,837)	(3,837)
Other comprehensive expense	-	-	-	(37)	-	(37)
Loss and total comprehensive expense for the period	-	-	-	(37)	(3,837)	(3,874)
Transactions with Owners of the Company:						
Share based payment expense	-	-	-	-	189	189
At 31 December 2014	**98**	**28,132**	**15,443**	**(75)**	**(16,785)**	**26,813**
Loss for the period	-	-	-	-	(5,450)	(5,450)
Other comprehensive expense	-	-	-	91	-	91
Loss and total comprehensive expense for the period	-	-	-	91	(5,450)	(5,359)
Transactions with Owners of the Company:						
Issue of shares	-	46	-	-	-	46
Share based payment expense	-	-	-	-	425	425
At 30 June 2015	**98**	**28,178**	**15,443**	**16**	**(21,810)**	**21,925**
Loss for the period	-	-	-	-	(918)	(918)
Other comprehensive expense	-	-	-	(38)	-	(38)
Loss and total comprehensive expense for the period	-	-	-	(38)	(918)	(956)
Transactions with Owners of the Company:						
Share based payment expense	-	-	-	-	302	302
At 31 July 2015	**98**	**28,178**	**15,443**	**(22)**	**(22,426)**	**21,271**
Loss for the period	-	-	-	-	(5,613)	(5,613)
Other comprehensive expense	-	-	-	(71)	-	(71)
Loss and total comprehensive expense for the period	-	-	-	(71)	(5,613)	(5,684)
Transactions with Owners of the Company:						
Issue of shares	27	39,992	-	-	-	40,019
Costs of share issues		(2,153)	-	-	-	(2,153)
Share based payment expense	-	-	-	-	141	141
At 31 December 2015	**125**	**66,017**	**15,443**	**(93)**	**(27,898)**	**53,594**
Loss for the period	-	-	-	-	(6,131)	(6,131)
Other comprehensive expense	-	-	-	(551)	-	(551)
Loss and total comprehensive expense for the period	-	-	-	(551)	(6,131)	(6,682)
Transactions with Owners of the Company:						
Issue of shares	4	262	-	-	-	266
Share based payment expense	-	-	-	-	654	654
At 30 June 2016	**129**	**66,279**	**15,443**	**(644)**	**(33,375)**	**47,832**

Consolidated statement of financial position

As at 30 June 2016

	Unaudited 30 June 2016 £'000	Unaudited 30 June 2015 £'000	31 July 2015 £'000
Assets			
Non-current assets			
Property, plant and equipment	**889**	168	577
Trade and other receivables	**1,295**	342	363
	2,184	510	940
Current assets			
Inventories	**5,389**	2,188	2,909
Trade and other receivables	**1,905**	975	578
Current tax asset	**807**	477	477
FX Gain	**900**	-	-
Investments – bank deposits	**21,553**	1,538	1,539
Cash and cash equivalents	**17,870**	17,468	15,913
	48,424	22,646	21,416
Total assets	**50,608**	23,156	22,356
Liabilities			
Non-current liabilities			
Deferred tax	**(22)**	(17)	(22)
Current liabilities			
Trade and other payables	**(2,754)**	(1,214)	(1,063)
Total liabilities	**(2,776)**	(1,231)	(1,085)
Net assets	**47,832**	21,925	21,271
Equity			
Share capital	**129**	98	98
Share premium	**66,279**	28,178	28,178
Merger reserve	**15,443**	15,443	15,443
Foreign currency translation reserve	**(644)**	16	(22)
Accumulated losses	**(33,375)**	(21,810)	(22,426)
Total equity	**47,832**	21,925	21,271

Consolidated statement of cash flows

For the six months ended 30 June 2016

	Unaudited 6 months to 30 June 2016 £000	Unaudited 6 months to 30 June 2015 £000	Year ended 31 July 2015 £000
Operating activities			
Loss before tax	**(7,048)**	(5,922)	(10,669)
Adjustment for non-cash items:			
Depreciation of property, plant and equipment	**113**	36	77
Share based payment	**654**	426	916
Increase in inventories	**(302)**	(228)	(2,110)
Increase in trade and other receivables	**(1,395)**	(637)	(90)
(Decrease)/increase in trade and other payables	**(1,351)**	67	288
Finance income	**(1,153)**	(94)	(192)
Cash used in operations	**(10,482)**	(6,352)	(11,780)
Taxes refunded/(paid)	**110**	(5)	(8)
Net cash outflow used in operations	**(10,372)**	(6,357)	(11,788)
Investing activities			
Finance income	**253**	94	192
Cash withdrawn from/(placed on) deposits with more than 3 months maturity	**9,992**	(6)	(13)
Purchases of property, plant and equipment	**(271)**	(40)	(532)
Net cash inflow/(outflow) from investing activities	**9,974**	48	(353)
Financing activities			
Proceeds from issue of share capital, net of costs	**266**	46	46
Net cash inflow from financing activities	**266**	46	46
Increase/(decrease) in cash and cash equivalents	**(132)**	(6,263)	(12,095)
Cash and cash equivalents at start of year	**17,961**	23,733	27,999
Effect of exchange rate fluctuations on cash held	**41**	(2)	9
Cash and cash equivalents at end of the period	**17,870**	17,468	15,913

Notes to the financial statements

For the six months ended 30 June 2016

1. General information

The principal activity of Xeros Technology Group plc ("the Company") and its subsidiary companies (together "Xeros" or the "Group") is the development and commercialisation of patented polymer bead systems with multiple potential commercial applications.

Xeros Technology Group plc is domiciled in the UK and incorporated in England and Wales (registered number 8684474), and its registered office address is Unit 2 Evolution, Advanced Manufacturing Park, Whittle Way, Catcliffe, Rotherham, S60 5BL. The Company's principal activity is that of a holding company.

The interim financial information was approved for issue on 19 September 2016.

2. Basis of preparation

The interim financial information has been prepared under the historical cost convention, except for the fair valuation of derivatives, and in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union, IFRIC interpretations, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The interim financial information has been prepared on a going concern basis and is presented in Sterling to the nearest £'000.

The accounting policies used in the preparation of the interim financial information are consistent with those set out in the audited financial statements for the year ended 31 July 2015. Further IFRS standards or interpretations may be issued that could apply to the Group's financial statements for the period ending 31 December 2016. If any such amendments, new standards or interpretations are issued then these may require the financial information provided in this report to be changed. The Group will continue to review its accounting policies in the light of emerging industry consensus on the practical application of IFRS.

The preparation of financial information in conformity with the recognition and measurement requirements of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events ultimately may differ from those estimates.

The interim financial information does not include all financial risk management information and disclosures required in annual financial statements. There have been no significant changes in any risk or risk management policies since 31 July 2015. The principal risks and uncertainties are largely unchanged and are as disclosed in the Annual Report for the year ended 31 July 2015.

The interim financial information for the six months ended 30 June 2016 and for the six months ended 30 June 2015 do not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006 and is unaudited. The comparative figures for the year ended 31 July 2015 are not the Group's consolidated statutory accounts for that financial year. Those accounts have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Sections 498(2) or 498(3) of the Companies Act 2006.

3. Taxation

	Unaudited 6 months to 30 June 2016 £'000	Unaudited 6 months to 30 June 2015 £'000	Year ended 31 July 2015 £'000
Current tax:			
Foreign taxes paid	**6**	5	8
R & D tax credits	**(923)**	(477)	(477)
Deferred tax charge	**-**		5
Total tax charge/(credit)	**(917)**	(472)	(464)

As at 30 June 2016 the Group had tax losses of approximately £26.1m to offset against future taxable profits (30 June 2015: £18.0m, 31 December 2015, £24.1m, 31 July 2015: £18.7m). The Group has not recognised these losses as a deferred tax asset in the consolidated statement of financial position due to the uncertainty in the timing of its crystallisation.

4. Segmental analysis

The Group currently has one operating segment. Revenue and losses arising from that segment are the same as presented on the face of the consolidated statement of profit or loss and other comprehensive income.

5. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders by the weighted average number of shares in issue during the period. The Group was loss-making for the periods ended 30 June 2016 and 30 June 2015 and also for the 5 months to 31 December 2015 and the year ended 31 July 2015. Therefore, the dilutive effect of share options has not been taken account of in the calculation of diluted earnings per share, since this would decrease the loss per share reported for each of the periods reported.

The calculation of basic and diluted loss per ordinary share is based on the loss for the period, as set out below.

	Loss for the period £'000	Weighted average number of shares in issue	Loss per share (pence)
Six months ended 30 June 2016	**(6,131)**	**85,377,365**	**(7.18)p**
Six months ended 30 June 2015	(5,450)	65,442,740	(8.33)p
Five months ended 31 December 2015	(5,613)	67,015,596	(8.38)p
Year ended 31 July 2015	(10,205)	65,336,459	(15.62)p

The weighted average number of shares in issue throughout the period is as follows:

	6 months to 30 June 2016 Number of shares	6 months to 30 June 2015 Number of shares	Year ended 31 July 2015 Number of shares
Issued ordinary shares at beginning of period	**83,403,990**	65,173,549	65,173,549
Effect of shares issued for cash during the period	**1,973,375**	269,191	162,910
Weighted average number of shares for the period	**85,377,365**	65,442,740	65,336,459

6. Details of events occurring after the reporting period

There were no events occurring after the reporting period.

7. Seasonality

The Group experiences no material variations due to seasonality.

8. Availability of interim statement

This interim statement will be available on Xeros' website at www.xeroscleaning.com.

Forward-looking statements

This announcement may include certain forward-looking statements, beliefs or opinions, including statements with respect to Xeros' business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. These statements are made by the Xeros Directors in good faith based on the information available to them at the date of this announcement and reflect the Xeros Directors' beliefs and expectations. By their nature these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, developments in the global economy, changes in government policies, spending and procurement methodologies, and failure in health, safety or environmental policies.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements speak only as at the date of this announcement and Xeros and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this announcement. No statement in the announcement is intended to be, or intended to be construed as, a profit forecast or to be interpreted to mean that earnings per Xeros share for the current or future financial years will necessarily match or exceed the historical earnings. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.