



28 April 2015

Xeros Technology Group plc

Building momentum

Xeros Technology Group plc (AIM: XSG, "Xeros" or "the Group"), the innovative developer of a patented polymer bead cleaning system with multiple identified commercial applications, today announces its unaudited interim results for the six months ended 31 January 2015.

Operational highlights

Commercial Laundry

- Increasing customer traction:
 - As at 31 January 2015: 41 installations with a further 61 committed to be installed
 - 17 new machine installations in the period
 - As at 24 April 2015: 54 installations with a further 69 committed to be installed
- 13 utility incentives programmes signed, more in progress
- 61 Forward Channel Partners sign at Clean Show 2015, significantly expanding the Group's sales and service capabilities across North America
- Smaller machine development continues: launch 15 kg prototype before the end of 2015

Domestic Laundry

- Ongoing partner discussions with machine manufacturers and detergent companies

Beyond Laundry

- Leather processing - joint development programme with LANXESS announced today to develop leather bead processing technology

Cash balance as at 31 January 2015 of £24.2m (31 July 2014: £29.5m)

Bill Westwater, CEO of Xeros Technology Group, said:

"The building blocks are in place for acceleration in our primary Commercial Laundry business. The combined impact of water scarcity and energy conservation, especially in our key US market, are now intense market trends. Our current enterprise customers are demonstrating that Xeros bead cleaning provides a robust and effective solution. This was clear from the excitement that we created at Clean Show 2015, with 61 channel partners signing up in four days to provide us with a scalable sales and service capability across North America."

"It is not only in Commercial Laundry where we have seen success. The joint development programme announced today with LANXESS provides an entirely incremental opportunity to develop and ultimately commercialise a Xeros bead solution in the \$50 billion leather processing market. Just as we did in Commercial Laundry, our team is set to move from positive laboratory trials to a prototype in a tannery before the end of 2015."

"We continue to discuss partnership opportunities with major global players in Domestic Laundry. Our success in Commercial Laundry, especially as we move to smaller machines and end-user consumer trials, is creating greater interest from these global players.

"We're hugely encouraged by the momentum building across the Group's activities as we continue to deliver a superior performing Xeros bead solution for a world that can no longer depend on traditional aqueous processes."

For further information, please contact:

Xeros Technology Group plc www.xeroscleaning.com

Bill Westwater, Chief Executive Officer

Chris Hanson, Finance Director

Via Instinctif Partners

Jefferies International (Nominated Adviser)

Simon Hardy / Harry Nicholas

Tel: 020 7029 8000

Instinctif Partners

Helen Tarbet / James Gray

Tel: 020 7457 2020

About Xeros

Xeros has developed a patented polymer bead cleaning system with multiple identified potential commercial applications. The Group has targeted the commercial laundry market and has begun the roll-out of 25kg capacity washing machines which exclusively use Xeros' patented polymer bead cleaning system. In trials with customers, this system has been shown to achieve superior cleaning performance as well as material reductions in water, energy and chemical usages compared to conventional commercial laundry methods. The Xeros proprietary polymer bead cleaning system also reduces the carbon footprint of the entire laundry process. In addition to the commercial laundry market, the Group's polymer bead technology has a range of potential applications in other industries including domestic laundry, leather processing, garment finishing and metal cleaning. The Group is currently in various stages of development and preparation for commercialisation of other identified applications, the most advanced of which are leather and domestic laundry.

Most recently, in March 2015, the Group won the Smaller Company category at the FT ArcelorMittal Boldness in Business Awards in London. In May 2014, the Group at the Edison Awards 2014 in San Francisco won Bronze in the Energy/Sustainability category for its virtually waterless commercial laundry system and was also named University Spin-Out of the Year in the New Energy & Cleantech Awards 2014.

Overview

The Group has continued to make significant progress in the six months ended 31 January 2015 and this robust performance has continued into the second half of the financial year.

In Commercial Laundry momentum has increased, especially in the US. We have begun to see more customers move from conventional aqueous cleaning to take up the benefits of Xeros' superior performance and more cost effective system.

During the period, the Group installed 17 machines, with another 13 machines installed since the period end. As a result, as at 24 April 2015, the Group has 54 machines installed with a further 69 machines committed to be installed.

In Domestic Laundry, discussions with potential commercialisation partners have continued. The Group intends to start end-user consumer trials before the end of 2015.

The Xeros platform technology has multiple applications. This was demonstrated by the announcement on 28 April 2015 of a joint development programme with LANXESS, the global specialty chemicals company, to advance the application of Xeros' polymer bead cleaning technology in the leather processing industry. The partnership intends to have a prototype in tannery trials in the second half of 2015.

Strategy

Xeros' strategy is to exploit its owned and patented platform bead cleaning technology in a large number of industrial markets to take advantage of the global challenges of water scarcity and the rising cost of energy. The Group will sell large quantities of Xeros polymer beads across these industries, leveraging these re-usable and recyclable polymer beads to anchor long term, high margin service revenues.

The first market Xeros targeted was Commercial Laundry, where the Group is now gaining strong customer traction, especially in the US, supported by Xeros Sbeadycare® Pulse. The Group is also developing smaller machines to broaden its portfolio in Commercial Laundry, driving penetration in multiple geographies and ultimately providing a machine designed for in-home use.

Beyond laundry, there has been substantial progress in Leather processing, and the Group has announced a joint development programme with LANXESS on 28 April 2015, the global specialty chemicals company, for the development of Xeros' technology for the leather industry.

Xeros will sustain technological leadership through its in-house R&D capability, which will continue to optimise bead cleaning performance and enhance the design of bead consuming machines. Xeros is currently working with BASF to develop 'Generation 2' polymer beads.

The Group's proprietary technology is protected by a library of patents which form a comprehensive intellectual property portfolio. During the period the core method patent was granted in the US, strengthening the Group's competitive position in this key geography, and completing protection in all its major target markets.

The Xeros patent portfolio currently comprises 37 patent families, which cover bead cleaning technology in applications from commercial and domestic laundry through to leather and wool processing, as well as metal surface treatments. The Group intends to protect its technological advantage by continuing to file patents to safeguard its products and methods.

Operational review

Commercial Laundry

The increasing scarcity and increasing cost of water globally, has long been known – but it is now becoming acute. Especially in the US, water scarcity is a key public issue and a daily feature in national and state news bulletins. For example, on 1 April 2015 the state of California imposed mandatory curbs on water use, ordering 400 local water-supply agencies to reduce the amount of water they deliver by 25%.

Major US utility companies now offer their customers substantial incentives for the use of energy efficient systems. In a little over a year and based on their own independent assessments, 13 utility companies across the US now offer bespoke financial incentives to Xeros customers with more due to follow.

All this raises the profile of, and demand for, water and energy efficient technologies such as the Xeros cleaning system.

Increasing momentum

During the period, the Group installed 17 machines with another 13 machines installed since 31 January 2015. As a result, as at 24 April 2015, the Group has 54 machines installed with a further 69 machines committed to be installed.

Xeros now counts as customers the top five global hotel chains in addition to a number of smaller independent hotel brands and an increasing number of retail dry cleaners and commercial laundries. These early adopters and key decision makers at the Group's larger enterprise customers are providing increasing 'referenceability' and a platform to scale up the Group's presence across their businesses.

The number of utility companies offering incentives to Xeros customers for energy reduction using the Xeros polymer bead cleaning system has increased from three to 13 during the period. This opens up wider opportunities for potential Xeros customers to benefit from utility incentives on adopting Xeros' bead cleaning technology and further broadens Xeros' national coverage throughout the US.

Infrastructure development and routes to market

The Group has continued to develop the infrastructure necessary to support the growth of the Commercial Laundry business, especially in the US. In April the Group established its Global Commercial Laundry business unit run by Jonathan Benjamin, its President, based in the US. In his expanded role, Jonathan will steer the Commercial Laundry business and will be responsible for product development, sales, marketing, and operations worldwide.

The Group has also recently appointed Jaret Christopher as General Manager and Senior Vice President of Global Technology. Jaret will be responsible for the strategic direction of Xeros' technology initiatives including the development and commercialization of Xeros' remote monitoring technology, Xeros Sbeadycare® Pulse.

The Group's direct sales team has achieved good traction through its focus on enterprise customers and the business is now developing further routes to market in order to accelerate growth.

A new Forward Channel Partner programme has been announced in North America aimed at commercial laundry suppliers that will sell and service Xeros' polymer bead cleaning systems.

Xeros' Forward Channel Partner programme – launched at the biennial industry Clean Show in Atlanta on 16-19 April – is creating a broad sales network across North America of established laundry industry players. This network will also support installed Xeros machines, delivering the 'final mile' of the Xeros Sbeadycare® service and extending the Group's own customer service capabilities.

To date 61 Forward Channel Partners have been added to the network, which expands the Group's sales and service capabilities substantially and will enable the Group to capitalise further on growing

interest in its commercial and environmental proposition and help accelerate the roll-out of Xeros Sbeadycare® across North America.

Development of pricing strategy

There is increasing market acceptance of the benefits of the Xeros Sbeadycare® service model. Customers are subscribing for the Group's 'one-stop-shop' service package of equipment, consumables and maintenance, which is available to customers either with a machine leased (the "Complete" package) or with a machine purchased outright (the "Perform" package). In both cases, the customer pays a monthly service fee and signs up for a minimum five year commitment. All customers, whether Perform or Complete customers, have subscribed to the Xeros Sbeadycare® service model, which provides Xeros with long term, high margin recurring revenue.

To date most customers have subscribed for the Group's Complete package, where the machine is leased to the customer and paid for over the term of the contract. The results of a recent customer survey and in-market learnings, which have shown a desire among potential customers to own Xeros machines outright, have been used to develop a new Xeros Sbeadycare® pricing strategy based around offering customers a lower entry upfront purchase price for a Xeros machine as part of the Perform package. This new pricing model, which was well received at Clean Show by potential customers and Forward Channel Partners, features a market competitive purchase price for acquiring a Xeros machine upfront, in line with the price paid for a conventional machine, and a higher monthly service fee over the course of the five year contract.

This new pricing model allows the customer to buy the machine at a more conventional capex cost, while the Group is able to demonstrate to the customer that the increased opex cost of the monthly service fee is offset by the opex savings from reduced water, energy and chemicals costs that the customer benefits from by using a Xeros system. For Xeros, while the lower entry purchase price point for the machine results in an initial up-front loss on the cost of the machine, the greater monthly service fee will generate increased service margins for the Group and an improvement in gross margin overall over the course of a five year contract.

Further developments

As the business grows, the Group is looking to secure a second source machine manufacturer, and further expand its Forward Channel Partner network with 'final mile' servicing capability, and the increased availability of utility incentive programmes.

Further development of the Group's remote monitoring technology, Xeros Sbeadycare® Pulse, will help accelerate customer conversion and facilitate customer service on machines once installed.

Development of smaller machine sizes, to be showcased via a Xeros laundromat concept store in the US, should help to increase market penetration.

Domestic laundry

The Group's deployment strategy in domestic laundry is to partner with businesses that can provide scale and reach and who will produce and distribute Xeros machines. Discussions with both machine manufacturers and detergent companies continue as the business moves to end-user consumer trials. The Xeros laundromat concept store due to open in the US before the end of the year will be designed specifically with these trials in mind.

Beyond Laundry - Leather processing and other markets

The Group has proven on a small scale, with the help of the Institute for Creative Leather Technologies ("ICLT") at The University of Northampton, that Xeros polymer bead technology produces a superior finished leather product whilst significantly reducing the environmental impact from water usage and effluent.

On 28 April 2015 Xeros entered into a joint development programme with LANXESS. LANXESS is a DAX listed global specialty chemicals business based in Germany with sales of €8.3bn, and is a leading supplier of chemicals to the leather industry, supplying tanneries around the globe.

Development work to date has been completed by the Xeros R&D team, including two employees recruited specifically for the leather project and who work in Xeros premises at ICLT. Scale up work will now take place in conjunction with LANXESS, with the first prototype in tannery trials during the second half of 2015.

The Group's success to date in leather processing validates Xeros as a platform technology with multiple applications. The Group has other patent protected opportunities, such as garment finishing and metal cleaning, which are at various stages of development and preparation for commercialisation.

Financial review

Group earned income was generated as follows:

	Unaudited 6 months to 31 January 2015 £'000	<i>Unaudited</i> <i>6 months to</i> <i>31 January</i> <i>2014</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31 July</i> <i>2014</i> <i>£'000</i>
Machine sales	109	81	284
Service income	57	4	28
Lease interest income	6	1	3
Total earned income	172	86	315

Group earned income doubled to £172,000 in the six months ended 31 January 2015 when compared to the prior year (2014: £86,000).

Notably, service income from the installed base of Commercial Laundry machines has increased significantly during the six months ended 31 January 2015, to more than double the service income generated in the whole of the previous year.

The point at which income from machine sales can be recognised as earned income 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 paperwork with the utility company and then, in the case of lease sales, finalisation of the lease agreement. The Group does not recognise income from a machine sale until all of these aspects are complete.

Machines installed in the period are as follows:

	6 months to 31 January 2015 No.	<i>6 months to 31 January 2014 No.</i>	<i>Year ended 31 July 2014 No.</i>
Machines sold – sale taken to earned income	6	5	17
Machines commissioned and generating service revenue, but machine sale not yet taken to earned income	5	-	-
Machines installed but not yet commissioned	6	-	-
	<hr/>	<hr/>	<hr/>
Machines installed in the period	17	5	17
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

As at 31 January 2015 contracted future revenues amount to £1.1m (2014: £284,000) and average contract length is 73 months (2014: 77 months).

Adjusted gross margin in the six months ended 31 January 2015 improved to £42,000 (24%) from £5,000 (6%) in the six months ended 31 January 2014.

As previously indicated the Group has continued to invest heavily in its R&D programme (£2.0m) alongside the Commercial Laundry working capital and start-up costs, in line with its expectations. This has resulted in an Adjusted EBITDA loss of £4.5m (2013: loss £2.7m).

The recent 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. A strong US\$ will benefit the Group financial statements as the US business grows to generate cash and become profitable.

At 31 January 2015 the Group had tax losses of approximately £15.5m to offset against future taxable profits (31 January 2014: £7.5m, 31 July 2014: £11m).

At 31 January 2015, the Group had cash balances (including cash equivalents and investments in the form of term deposits) of £24.2m (2014: £5.9m) and remains debt free.

Outlook

The Group continues to make significant progress with the growth of machines installed and committed to be installed. The signing up of 61 Forward Channel Partners at Clean Show and the announcement today of the joint development programme with LANXESS since the period end are all evidence of increasing momentum.

Further development of the Group's remote monitoring technology, Xeros Sbeadycare® Pulse, will help accelerate customer conversion and facilitate customer service on machines once installed. The development of smaller machine sizes should help to increase market penetration and will be showcased in a Xeros laundromat concept store in the US.

In Beyond Laundry, the development of a Xeros technology application in the leather industry has gained increasing momentum as a result of the joint development agreement with LANXESS. The partnership intends to have a prototype in tannery trials in the second half of 2015.

In Domestic Laundry, the Group intends to move to end user consumer trials alongside ongoing discussions with potential commercialisation partners. These trials will be part of the Xeros laundromat concept store, targeted for launch by the end of 2015.

The Group is making good progress on the delivery of its strategy. The Board believes Xeros is well positioned to build on recent momentum, accelerate its activity and gain further traction for its polymer bead cleaning technology in Commercial Laundry and other applications.

Consolidated statement of profit or loss and other comprehensive income

for the six months ended 31 January 2015

	<i>Unaudited 6 months to 31 January 2015 £'000</i>	<i>Unaudited 6 months to 31 January 2014 £'000</i>	<i>Audited Year ended 31 July 2014 £'000</i>
Earned income	172	86	315
Less: lease interest income	(6)	(1)	(3)
Revenue	166	85	312
Cost of sales	(130)	(81)	(294)
	<hr/>	<hr/>	<hr/>
Gross profit	36	4	18
Lease interest income	6	1	3
	<hr/>	<hr/>	<hr/>
Adjusted gross margin	42	5	21
Administrative expenses	(4,830)	(2,824)	(6,793)
Other operating income	1	-	-
Adjusted EBITDA*	(4,532)	(2,749)	(6,335)
Share-based payment expense	(225)	(40)	(210)
Non-operating exceptional costs	-	-	(163)
Depreciation of tangible fixed assets	(36)	(31)	(67)
Operating loss	(4,793)	(2,820)	(6,775)
Finance income	100	41	113
Loss before taxation	(4,693)	(2,779)	(6,662)
Taxation (charge)/credit	3 (1)	283	283
Loss after tax	(4,694)	(2,496)	(6,379)
Other comprehensive income			
Items that are or maybe reclassified to profit and loss:			
Exchange differences on translation of foreign operations	(77)	19	(38)
Total comprehensive expense for the period	(4,771)	(2,477)	(6,417)
Loss per share			
Basic and diluted	5 (7.2p)	(6.1p)	(12.9p)

The following notes are an integral part of these interim condensed consolidated financial statements.

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

Consolidated statement of changes in equity
for the six months ended 31 January 2015

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Merger reserve £'000</i>	<i>Foreign currency translation reserve £'000</i>	<i>Retained earnings deficit £'000</i>	<i>Total equity £'000</i>
As at 31 July 2013	61	-	15,449	-	(6,968)	8,542
Loss and total comprehensive expense for the period	-	-	-	19	(2,496)	(2,477)
Share-based payment expense	-	-	-	-	40	40
As at 31 January 2014	61	-	15,449	19	(9,424)	6,105
Loss and total comprehensive expense for the period	-	-	-	(57)	(3,883)	(3,940)
Issue of shares (net of costs)	37	28,132	(6)	-	-	28,163
Share-based payment expense	-	-	-	-	170	170
As at 31 July 2014	98	28,132	15,443	(38)	(13,137)	30,498
Loss and total comprehensive expense for the period	-	-	-	(77)	(4,694)	(4,771)
Issue of shares (net of costs)	-	44	-	-	-	44
Share-based payment expense	-	-	-	-	225	225
As at 31 January 2015	98	28,176	15,443	(115)	(17,606)	25,996

In order to comply with IFRS3, the Group has applied reverse acquisition accounting in the presentation of consolidated shareholders' equity for comparative periods. These comparative periods show the results of the accounting acquirer (Xeros Limited) along with the share capital structure of the parent company (Xeros Technology Group plc).

Consolidated statement of financial position
as at 31 January 2015

	<i>Unaudited</i> 31 January 2015 £'000	<i>Unaudited</i> <i>31 January</i> <i>2014</i> <i>£'000</i>	<i>Audited</i> <i>31 July</i> <i>2014</i> <i>£'000</i>
Assets			
Non-current assets			
Property, plant and equipment	163	119	121
Trade and other receivables	239	53	177
	402	172	298
Current assets			
Inventories	1,965	414	747
Trade and other receivables	435	367	654
Investments - bank deposits	1,531	2,516	1,526
Cash and cash equivalents	22,680	3,372	27,999
	26,611	6,669	30,926
Total assets	27,013	6,841	31,224
Liabilities			
Non-current liabilities			
Deferred tax	(17)	(17)	(17)
Current liabilities			
Trade and other payables	(1,000)	(719)	(709)
Total liabilities	(1,017)	(736)	(726)
Net assets	25,996	6,105	30,498
Equity attributable to shareholders of the parent			
Share capital	98	61	98
Share premium	28,176	-	28,132
Merger reserve	15,443	15,449	15,443
Foreign currency translation reserve	(115)	19	(38)
Retained earnings deficit	(17,606)	(9,424)	(13,137)
Total equity	25,996	6,105	30,498

The following notes are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of cash flow
for the six months ended 31 January 2015

	Unaudited 6 months to 31 January 2015 £'000	<i>Unaudited</i> <i>6 months to</i> <i>31 January</i> <i>2014</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31 July</i> <i>2014</i> <i>£'000</i>
Operating activities			
Loss before tax	(4,693)	(2,779)	(6,662)
Adjustments for:			
Depreciation of property, plant and equipment	35	31	67
Share-based payment	225	40	210
Increase in inventories	(1,141)	(351)	(876)
Decrease/(Increase) in trade and other receivables	187	(93)	(312)
Increase in trade and other payables	94	297	251
Finance income	(100)	(41)	(113)
Cash used in operations	(5,393)	(2,896)	(7,435)
Tax (charged)/refunded	(1)	284	284
Net cash outflow from operations	(5,394)	(2,612)	(7,151)
Investing activities			
Finance income	100	41	113
Cash (placed on)/withdrawn from deposits with more than 3 months maturity	(6)	3,489	4,479
Purchases of property, plant and equipment	(76)	(37)	(75)
Net cash inflow from investing activities	18	3,493	4,517
Cash flow from financing activities			
Proceeds from the issue of share capital, net of costs	44	-	28,163
Net cash inflow from financing activities	44	-	28,163
(Decrease)/increase in cash and cash equivalents	(5,332)	881	25,529
Cash and cash equivalents at start of period	27,999	2,472	2,472
Effect of exchange rate fluctuations on cash held	13	19	(2)
Cash and cash equivalents at end of period	22,680	3,372	27,999

Notes to the financial statements

for the six months ended 31 January 2015

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 polymer bead cleaning alternatives to traditional aqueous based cleaning.

The Company was incorporated, as Hamsard 3323 Limited, on 10 September 2013 and on 17 March 2014 acquired Xeros Limited and its subsidiary undertaking and as a result became the parent undertaking for the continuing activities of the acquired subsidiaries. On 18 March 2014 Hamsard 3323 Limited was re-registered as a public limited company and changed its name to Xeros Technology Group plc.

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 14, 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 28 April 2015.

2. Basis of preparation

The interim financial information has been prepared under the historical cost convention and in accordance with 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.

On 17 March 2014, Xeros Technology Group Limited entered into a share for share exchange agreement with the shareholders of Xeros Limited, whereby Xeros Technology Group Limited acquired the entire issued share capital of Xeros Limited and its subsidiary, the consideration being satisfied by the allotment of ordinary shares in Xeros Technology Group Limited to the shareholders of Xeros Limited. On 18 March 2014 the Company was re-registered as a public limited company under the name of Xeros Technology Group plc.

The acquisition has been accounted for by applying the principals of reverse acquisition accounting under IFRS 3, as if the group (as currently constituted) had been in place throughout the whole of the period covered by these financial statements. Accordingly, the financial statements for the comparative periods reflect the results of the Group as though the group had been in existence throughout the comparative periods and the comparative equity structure has been restated as if the shares issued by Xeros Technology Group plc to acquire Xeros Limited had been in issue throughout the comparative periods.

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 2014. Further IFRS standards or interpretations may be issued that could apply to the Group's financial statements for the year ending 31 July 2015. 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 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 2014. The principal risks and uncertainties are largely unchanged and are as disclosed in the Annual Report for the year ended 31 July 2014.

The interim financial information for the six months ended 31 January 2015 and for the six months ended 31 January 2014 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 2014 are audited and have been extracted from the audited financial statements.

3. Taxation

	<i>Unaudited</i> <i>6 months to</i> <i>31 January</i> <i>2015</i> <i>£'000</i>	<i>Unaudited</i> <i>6 months to</i> <i>31 January</i> <i>2014</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31 July</i> <i>2014</i> <i>£'000</i>
Current tax:			
Corporation Tax	(1)	-	-
R & D tax credit	-	(284)	(284)
Deferred tax charge/(credit)	-	1	1
Total tax charge/(credit)	<u>(1)</u>	<u>(283)</u>	<u>(283)</u>

As at 31 January 2015 the Group had tax losses of approximately £15.5m to offset against future taxable profits (31 January 2014: £7.5m, 31 July 2014: £11m). 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 31 January 2015 and 31 January 2014 and also for the year ended 31 July 2014. 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.

	<i>Loss for the period £'000</i>	<i>Weighted average number of shares in issue</i>	<i>Loss per share (pence)</i>
Six months ended 31 January 2015	(4,694)	65,175,417	(7.2)
Six months ended 31 January 2014	(2,496)	40,683,333	(6.1)
Year ended 31 July 2014	(6,379)	49,360,625	(12.9)

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

	<i>Year to 31 July 2014 Number of shares</i>	<i>6 months to 31 January 2015 Number of shares</i>
Weighted average number of shares for 6 months ended 31 January 2014	40,683,333	40,683,333
Effect of shares issued on 18 March 2014	733,158	1,967,667
Effect of shares issued on 25 March 2014	7,924,682	22,422,549
Effect of shares issued on 22 May 2014	19,452	100,000
Effect of shares issued on 28 January 2015	-	1,506
Effect of shares issued on 30 January 2015	-	362
Weighted average number of shares at period end	49,360,625	65,175,417

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.