VELOCYS

News release

Velocys plc

("Velocys" or "the Company")

30th September 2015

Interim results for the period ended 30th June 2015

Velocys plc (VLS.L), the company at the forefront of smaller scale gas-to-liquids (GTL), is pleased to announce its interim results for the six months ended 30th June 2015.

Highlights

- Manufacture of the reactors and catalyst complete for Velocys' commercial reference plant, currently under construction adjacent to Waste Management's landfill in Oklahoma City (post period end).
- Ashtabula project progress:
  - Water permit granted.
  - Letters of support from a major lender and a potential investor in the project.
  - Gas suppliers and product off-takers identified.
- Sales pipeline: existing opportunities continue to progress and new sales opportunities are continually being identified.
- Settlement of intellectual property court case with Johnson Matthey, including payment to Velocys (post period end).
- Strong, established management team ensuring the business has been uninterrupted following CEO's departure.
- Appointment of a Non-executive Director, Mark Chatterji, bringing considerable banking and finance sector experience to the Board (post period end).
- Revenue of £0.1 million (H1 2014: £1.0 million).
- Cash* at period end of £46.2 million (31 December 2014: £59.8 million).

Pierre Jungels, CBE, Chairman of Velocys, said:
"2015 is a year of delivery for Velocys. It is pleasing to see the tangible progress of commercialisation within the Company, recently culminating in the completion of the reactors and catalyst for the Oklahoma City plant that will be completed next year. Velocys continues to lead in the emerging market of smaller scale GTL and to demonstrate the strength of the structural opportunity."

* Defined as cash, cash equivalents and short term investments.

– Ends –

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Notes to editors

About Velocys
Velocys is the company at the forefront of smaller scale gas-to-liquids (GTL) that turns natural gas or biomass into premium liquid products such as diesel and jet fuel. Smaller scale GTL adds value to shale gas and bio-waste, and makes stranded or flared gas economic – an untapped market of up to 25 million barrels per day.

Velocys technology, protected by several hundred patents in over 30 countries, is specifically designed for smaller scales, combining super-active catalysts with intensified reactor systems. The Company's standardised modular plants are easier to ship and faster to install, at lower risk, even in the most remote or challenging locations. Together with world-class partners, Velocys works flexibly to unlock gas resources of 15,000 to 150,000 mmbtu per day, allowing more companies to take advantage of more opportunities.

Velocys plc is listed on the AIM market of the London Stock Exchange (LSE: VLS). The Company is well capitalised and has a multi-disciplinary staff of over 100 operating from its commercial centre in Houston, Texas, USA and technical facilities near Oxford, UK and Columbus, Ohio, USA. Its first commercial plant, funded by Waste Management (NYSE: WM), NRG Energy (NYSE: NRG) and Ventech Engineers, is expected to reach mechanical completion in H1 2016.

www.velocys.com

Think Smaller™. Velocys is changing the way fuels are made.

Chairman's statement

Pierre Jungels, CBE

In a company like Velocys that is transitioning to commercial operations, a change in CEO is neither unusual, nor to be feared. The departure of our CEO, Roy Lipski, was sudden. But Susan Robertson, CFO, who joined the Company in 2007 and is now acting CEO, has stepped up to the challenge without missing a beat. She and her very able management team have been given the Board's full authority to make the decisions the Company needs at this time, and I have every confidence in them. The team benefits from a good balance of solid experience in entrepreneurial ventures and in the manufacturing and energy industries, a track record of delivery, combined with the flair, passion and vision needed to drive Velocys forwards.

The Board was strengthened further on 29th September 2015 with the appointment of Mark Chatterji as Non-executive Director. The Company has also appointed Jeremy Gorman, FCA, of Corporate Governance Limited as Company Secretary, allowing Susan Robertson to concentrate on her present position as acting CEO and CFO.

The Board has appointed a leading search firm to identify external candidates for the permanent CEO role who have the appropriate skills and experience to lead the Company in its commercial phase. We will be considering applications from both internal and external candidates.

In a market environment where oil prices have dominated the headlines, natural gas continues to be an abundant, low cost and, in many situations, under-utilised resource. As such, there are still many opportunities for smaller scale GTL that are likely to retain their value, even with reduced gas-oil differentials at the major hubs.

This is particularly the case for Velocys, whose reactor and catalyst system delivers high conversion and a high yield of valuable products. This enables project developers to achieve the best possible economic returns, which is particularly important at present. In today's market, attractive projects either utilise cheap gas or other low-cost (or even negative-cost) feedstocks, or serve a market where a premium can be realised, for example by producing high-value speciality products or by serving isolated areas where liquid fuel costs are very high.

Velocys is strongly positioned during this challenging period. It has a leading technology advantage, a commercial plant committed and under construction, a strong balance sheet, a good pipeline of sales opportunities and one of the largest, most experienced Fischer-Tropsch teams in the industry.

The key priority for Velocys at this time is the successful build and start-up of ENVIA Energy's Oklahoma City plant, scheduled for mechanical completion in H1 2016. Velocys and its supply chain partners have successfully completed the manufacture of the reactors and the initial catalyst charge for the plant. Extensive work is in progress to be fully prepared for its start-up, and we and our joint venture partners have the benefit of an experienced team to support this coordinated effort.

During H1, Velocys has continued to progress its sales pipeline by developing new opportunities and advancing existing ones. Whilst the timeline for developing projects can be long, the quality of these opportunities continues to be high and we remain confident that real progress is being achieved. In the medium term, the much larger mainstream market for smaller scale GTL will become available as oil-gas arbitrage opportunities return. In the short term, delivery of the Company's commercial reference plant positions Velocys well for this more favourable world.

Revenues for the period reflected the Company's transition to commercial operations and timing of revenues from the Oklahoma City plant, which will arise from H2 onwards. Total revenues for the period were £0.1 million (H1 2014: £1.0 million). Cash* at 30 June 2015 stood at £46.2 million (31 December 2014: £59.8 million), while cash outflow** was £13.6 million (H1 2014: £9.3 million).

Outlook

2015 has started with some very real, tangible achievements, culminating in the recent completion of the reactors and catalyst for our commercial reference plant. Velocys continues to occupy its leading position in the emerging market of smaller scale GTL and, in a challenging market environment, continues to demonstrate the strength of the opportunity. The sales pipeline continues to develop and the management team is focusing on commercial progress with renewed energy.

* Defined as cash, cash equivalents and short term investments.
** Defined as cash movement excluding monies from fund raising and issuance of shares.

Chief executive's report
Susan Robertson

Introduction

Velocys is more focused than ever before. The priority of 2015 is project delivery, in particular the Oklahoma City plant, which represents a transformational event for the Company. This year is a challenging year for our growing technical and project development teams – a "backstage" year that may not attract headlines, but through its many small yet significant steps is reinforcing our foundations and ensuring the many successes to come.

Market conditions

In the current environment where oil prices are much lower than in recent years, a significant number of attractive opportunities continue to exist for smaller scale GTL. The beauty of the technology is that it can address specific niche opportunities and does not rely solely on general market conditions. Such niches exist where there is low value feedstock, or a remote market with limited access to fuel supplies, or a demand for high value speciality products. Opportunities such as these can show attractive economics not predicated on oil prices at the major hubs.

As an example, the wax market in the US and worldwide continues to undergo structural changes, decreasing supply and decoupling pricing from WTI. There will be sufficient market demand for waxes to support a number of smaller scale GTL projects. Velocys is the company that is best placed to take advantage of this opportunity. Our technology is best-in-class in terms of yield of long chain hydrocarbons, which form the basis of high value speciality products, thereby maximising project revenues.

Competitive environment

Velocys frequently receives feedback from respected individuals in the industry that the Company is regarded as the market leader in smaller scale GTL. As such, members of the Velocys team have been asked, for example, to present keynote speeches at three GTL-specific conferences in 2015, and continue to be asked to contribute by-lined articles to trade publications.

The development of an innovative process technology such as ours is a costly, resource-intensive and time-consuming exercise. Velocys' ability to complete this process is now being fully demonstrated. Our investment in development and our exhaustive, proven patent protection now represent a significant barrier to entry to competitors.

However, fundamentally at this stage of the market's development, each new project that proceeds, whoever is involved, helps the development of a thriving smaller scale GTL industry.

Commercialisation

<u>Joint venture and commercial reference plant</u>
During 2015 the joint venture between Waste Management, NRG, Ventech and Velocys was renamed ENVIA Energy. This partnership, which was formed in March 2014 to produce renewable fuels and chemicals from biogas and natural gas using GTL, is building its first plant in Oklahoma City.

Velocys and its supply chain partners have now completed the manufacture of the reactors and initial catalyst charge for the plant. All ASME (American Society of Mechanical Engineers) certifications required for the reactors prior to installation and commissioning of the plant have been issued. All other QA/QC protocols have been fully achieved. The catalyst meets all performance criteria for the project, with excellent alignment of test results between commercially-produced and laboratory-produced catalysts. Fabrication of the modular process units is continuing at Ventech in Pasadena, Texas.

In preparation for the plant's start-up, commissioning and operation, significant time and effort has been expended to identify and address any potential risks. Velocys is working closely with Ventech (the overall project engineers) to mitigate those risks.

Our experienced technical teams have been strengthened further with some key appointments over the past year. New employees include highly-skilled process engineers and scientists who have considerable experience in designing, commissioning and operating commercial GTL plants. In addition, extensive work with our various engineering, service and manufacturing partners has enabled us to refine our technology so that it is optimised not only for peak performance but also to meet robustly the challenges of every day operation.

<u>Commercial pipeline</u>

Velocys' pipeline of sales opportunities continues to be developed, with projects advancing towards final investment decision (FID). In addition to third party business opportunities, Velocys is developing its own pipeline of projects, the most advanced of which is Ashtabula. The economics of Ashtabula continue to be robust due to the high value of the speciality products it will produce. We have progressed the project on a number of fronts:

- The water permit has been granted.
- We have identified product off-takers and gas suppliers and have a number of letters of intent in place.
- We have secured letters of support from a major lender and a potential investor in the project.

We now have a clear path to achieve the EPC (Engineering Procurement and Construction) and performance guarantee structure that is needed to achieve project financing for Ashtabula. We have secured the services of a major engineering firm with the strength to make this happen. During this process it became clear that the requirement to further improve our understanding of the integrated plant design with additional engineering detail needed to occur prior to FID rather than after that point.

In relation to third party prospects, Velocys continues to believe that the development of the commercial reference plant in Oklahoma will be a significant catalyst for future sales. The development cycle for a GTL project can be long, and having a pipeline of opportunities at different stages of the cycle is important. A significant number of our opportunities are not in the public domain, but it is important to note that some of these projects are, in fact, more advanced than some of the projects that have been announced.

These include an opportunity with a major fuels player in the US that has the potential to progress swiftly to FID. The project has an advantageous site with low-cost feedstock. Equity investors, feedstock suppliers and product offtakes are all in place.

Despite the problems facing the oil industry at present we continue to work on new project opportunities with companies, including a number of national oil companies, seeking to develop stranded gas and associated gas projects.

Equally importantly, we continue to see interest from financial institutions in financing GTL projects, providing evidence that funds are still available for economically-advantaged projects.

Of projects that are already in the public domain, we can only comment on progress that the customers themselves have announced. In this context, we are pleased to note that Red Rock Biofuels has made a number of announcements over the course of 2015 that included securing partner financing from Flagship Ventures and an offtake agreement signed with FedEx. Between Southwest Airlines and FedEx offtake of all the jet fuel that will be produced by the biomass-to-liquids plant has been contracted. The project developer still has the target of reaching FID in 2015.

Other projects
In 2014 Velocys announced that it had received an order from a CIS-based customer for a 175 barrel per day reactor for delivery in 2015. This reactor has now been completed and partial upfront payments have been received. Although the customer's project is progressing more slowly than anticipated, discussions are underway in relation to a revised schedule under which the reactor would be delivered to the customer in 2016. All payments for the reactor are held on the balance sheet as advance payments and the reactor costs are included in inventory. The customer remains confident that the project will be completed.

Pilot plant and operational facilities
The Velocys pilot plant continues to provide a valuable resource for the Company, both in terms of validating our technology, and of demonstrating performance under client-specific operating conditions. We have seen excellent results over the course of 2015, including most recently, demonstration of above-expectation performance at Ashtabula conditions. The pilot plant also provides product samples for client studies as well as the capability to further improve our operating procedures. We have demonstrated all the protocols required in a commercial plant such as start-up, catalyst regeneration, shut-down, and operation, including potential upset and transient conditions. The ability of the team to learn and improve on these processes is noteworthy. For example, plant start-up protocols now enable the pilot plant to reach target conditions more than six times faster than they did 18 months ago. As a direct result, our commercial plants will have increased availability, further improving their economics.

In addition to the pilot plant, during H1 we installed a single core reactor (identical to a full scale reactor except that it incorporates a single core instead of the standard four) as a permanent resource at our Ohio technical centre. It has undergone rigorous pressure testing to validate certain aspects of our reactor and catalyst system. It has the same workspace conditions as a reactor in a commercial plant, and so provides a valuable facility for training staff in the protocols for in-situ catalyst loading and unloading as well as providing the opportunity for additional validation and enhancement of catalyst handling procedures and equipment.

Manufacturing and supply capability
Our supply chain, for both reactors and catalyst, has been fully validated over the course of 2015 through the completion of the reactors and catalyst for ENVIA Energy's plant. This has enabled Velocys to ensure the various processes, including quality assurance and quality control, are operating effectively, and that we and our supply chain partners are ready to deliver future orders.

Intellectual property

Velocys continues actively to seek intellectual property protection in the UK and internationally. While the Company's various proprietary intellectual property rights are important to its success Velocys believes its business as a whole is not materially dependent on any particular group of patents or licences. Velocys has built a pioneering patent portfolio, and owns, or is licensed under, several hundred patents with coverage in more than 30 countries.

Following the UK High Court's ruling in 2014 in favour of Velocys in the intellectual property case it brought against CompactGTL, an injunction restraining that company from infringing the patents in dispute or enabling, procuring, or assisting any third party to infringe the patents remains in place. CompactGTL's request for appeal concerning the judgement of validity and infringement on some of the infringed claims has been denied. Determination by the court of damages (or an account of profits) to Velocys is continuing. An appeal of the validity and infringement ruling for the remaining claims will be heard in 2016.

After the end of the period, Velocys settled with Johnson Matthey regarding the patent infringement case Velocys had filed in the US against Catacel Corporation in April 2010. Catacel, a supplier of catalysts to CompactGTL's demonstration unit at Petrobras' facility in Aracaju, Brazil, was purchased by Johnson Matthey in 2014. Under the terms of the settlement, Johnson Matthey has paid to Velocys an undisclosed amount in recognition of the Company's intellectual property, and has acknowledged the validity of Velocys' patent rights and committed to respect them.

Financials

Velocys' financial results continue to reflect a company moving out of its development phase and preparing for full commercial activities. Revenue from engineering services of £0.1 million was booked in H1. No revenue from the sale of reactors has been booked in H1; the reactors for ENVIA's project were not completed until after the period end.

Total revenues for the period were £0.1 million (H1 2014: £1.0 million). Cash* at period end stood at £46.2 million (31 December 2014: £59.8 million), while cash outflow** was £13.6 million (H1 2014: £9.3 million). The Company is taking measures to manage cash flow and preserve cash given the market environment.

* Defined as cash, cash equivalents and short term investments.
** Defined as cash movement excluding monies from fund raising and issuance of shares.

Consolidated income statement

for the six months ended 30 June 2015

	Note	**6 months ended 30 June 2015 (unaudited)** £'000	6 months ended 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Revenue	3	120	958	(6)
Cost of sales		(20)	(459)	1,206
Gross profit		100	499	1,200
Unfunded research and development costs		(6,036)	(5,637)	(11,163)
Share-based payments		(1,513)	(842)	(3,407)
Other administrative expenses		(5,092)	(4,341)	(11,181)
Total administrative expenses		(12,641)	(10,820)	(25,751)
Operating loss		(12,541)	(10,321)	(24,551)
Finance income	4	389	77	1,225
Finance costs	5	(244)	(318)	(29)
Other income		12	14	56
Finance income, net		157	(227)	1,252
Income tax credit		341	416	929
Loss for the period attributable to the owners of Velocys plc		(12,043)	(10,132)	(22,370)
Loss per share attributable to the owners of Velocys plc				
Basic and diluted loss per share (pence)	6	(8.49)	(8.67)	(18.33)

The results from the periods shown above are derived entirely from continuing operations.

Consolidated statement of comprehensive income

for the six months ended 30 June 2015

	Note	**6 months ended 30 June 2015 (unaudited)** £'000	6 months ended 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Loss for the period		(12,043)	(10,132)	(22,370)
Other comprehensive expense				
Items that will be reclassified subsequently to profit or loss when specific conditions are met				
Foreign currency translation differences	7	(276)	(567)	1,108
Total comprehensive expense for the period		(12,319)	(10,699)	(21,262)

Consolidated statement of financial position

as at 30 June 2015

	Note	**30 June 2015 (unaudited) £'000**	30 June 2014 (unaudited) £'000	31 December 2014 (audited) £'000
Assets				
Non-current assets				
Intangible assets		28,086	26,875	28,347
Property, plant and equipment		5,418	3,039	4,065
Investments	8	2,563	-	1,711
		36,067	29,914	34,123
Current assets				
Trade and other receivables		821	1,049	653
Current income tax asset		1,140	1,265	1,778
Inventory		1,421	259	291
Derivative financial instruments		-	-	435
Short term investments – funds held on deposit		23,998	3,610	28,083
Cash and cash equivalents		22,154	14,692	31,693
		49,534	20,875	62,933
Total assets		85,601	50,789	97,056
Current liabilities				
Trade and other payables		(10,138)	(7,612)	(10,902)
Borrowings		(265)	(100)	(267)
		(10,403)	(7,712)	(11,169)
Non-current liabilities				
Trade and other payables		(318)	(233)	(69)
Borrowings		(855)	(1,104)	(999)
Deferred tax		(269)	-	(269)
Total liabilities		(11,845)	(9,049)	(12,506)
Net assets		73,756	41,740	84,550
Capital and reserves attributable to owners of Velocys plc				
Called up share capital	9	1,419	1,178	1,419
Share premium account	9	149,238	98,659	149,225
Merger reserve	9	369	369	369
Share-based payment reserve	9	14,732	10,654	13,220
Foreign exchange reserve		(2,427)	(3,826)	(2,151)
Accumulated losses	9	(89,575)	(65,294)	(77,532)
Total equity		73,756	41,740	84,550

The financial statements were approved by the Board of Directors on 29th September 2015, and were signed on its behalf by:

Susan Robertson
Chief Financial Officer

Consolidated statement of cash flows

for the six months ended 30 June 2015

	6 months ended 30 June 2015 (unaudited) £'000	6 months ended 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Cash flows from operating activities			
Operating loss before taxation	(12,541)	(10,321)	(24,551)
Depreciation and amortisation	513	449	909
Loss on disposal of property, plant and equipment	-	-	11
Loss on disposal of intangible assets	123	-	154
Impairment of intangible assets	-	-	1,328
Share-based payments	1,512	842	3,407
(Gain) loss on derivative financial instruments	435	-	(698)
Changes in working capital (excluding the effects of exchange differences on consolidation)			
-Trade and other receivables	(76)	(200)	282
-Trade and other payables	(443)	(383)	2,507
-Inventory	(1,150)	(6)	(8)
Tax credit received	978	900	901
Other	-	4	-
Net cash used in operating activities	(10,649)	(8,715)	(15,758)
Cash flows from investing activities			
Purchases of property, plant and equipment	(1,874)	(419)	(1,544)
Purchases of intangible assets	(219)	(209)	(429)
Investment in ENVIA	(901)	-	(1,613)
Interest received	85	321	358
Interest paid	(18)	(19)	(37)
Proceeds from sale of fixed assets	12	10	56
(Increase) decrease in funds placed on deposit	4,085	8,265	(16,208)
Net cash from (used in) investing activities	1,170	7,949	(19,417)
Cash flows from financing activities			
Net proceeds of issuance of ordinary shares	13	1,225	51,570
Decrease in borrowing	(135)	(52)	(104)
Net cash generated from (used in) financing activities	(122)	1,173	51,466
Net increase (decrease) in cash and cash equivalents	(9,601)	407	16,291
Cash and cash equivalents at the beginning of the period	31,693	14,475	14,475
Exchange gains/(losses) on cash and cash equivalents	62	(190)	927
Cash and cash equivalents at the end of the period	22,154	14,692	31,693

Notes to the accounts

for the six months ended 30 June 2015

1. Basis of preparation and accounting policies

The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation including those applicable to accounting periods ending 31 December 2015 and the accounting policies set out in Velocys plc's annual report for the year ended 31 December 2014. These unaudited interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". They do not include all the statements required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at 31 December 2014.

2. Publication of non-statutory accounts

The financial information for the six month periods ended 30 June 2015 and 30 June 2014 has not been audited or reviewed and does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006.

The financial information relating to the year ended 31 December 2014 does not constitute a full financial statement within the meaning of Section 434 of the Companies Act 2006. This information is based on the Company's statutory accounts for that period. The statutory accounts were prepared in accordance with IFRS, received an unqualified audit report, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. These accounts have been filed with the Registrar of Companies.

3. Segmental information

Business segments
At 30 June 2015 the Company is organised as a world-wide business comprising a single segment.

Geographic segments
The Company's business operates in three main geographical areas. Revenue is allocated based on the country in which the customer is located.

	6 months ended 30 June 2015 (unaudited)			6 months ended 30 June 2014 (unaudited)		
	Europe £'000	Americas £'000	Asia Pacific £'000	Europe £'000	Americas £'000	Asia Pacific £'000
Revenue	-	107	13	162	504	292

4. Finance income

	6 months ended 30 June 2015 (unaudited)	6 months ended 30 June 2014 (unaudited)	Year ended 31 December 2014 (audited)
	£'000	£'000	£'000
Interest income on bank deposits	173	77	164
Net fair value gains on forward foreign exchange contracts	216	-	394
Foreign exchange gains	-	-	667
	389	77	1,225

5. Finance costs

	6 months ended 30 June 2015 (unaudited)	6 months ended 30 June 2014 (unaudited)	Year ended 31 December 2014 (audited)
	£'000	£'000	£'000
Unwinding of discount on deferred licence payments payable	-	10	(8)
Interest on finance leases	5	6	12
Interest on borrowings	13	13	25
Net fair value losses on forward foreign exchange contracts	-	41	-
Foreign exchange losses	226	248	-
	244	318	29

6. Earnings per share

The calculation of earnings per share is based on the following losses and number of shares:

	6 months ended 30 June 2015 (unaudited)			6 months ended 30 June 2014 (unaudited)			Year ended 31 December 2014 (audited)		
	Loss	Number of shares	Pence per share	Loss	Number of shares	Pence per share	Loss	Number of shares	Pence per share
	£'000	'000		£'000	'000		£'000	'000	
Basic & fully diluted	(12,043)	141,910	(8.49)	(10,132)	116,817	(8.67)	(22,370)	122,062	(18.33)

7. Foreign currency translation

The foreign currency translation differences included in the Consolidated Statement of Comprehensive Income primarily relate to differences arising on the translation into pounds sterling of a) the Company's net investment in Velocys, Inc. whose assets and liabilities are denominated in US dollars, and b) goodwill and fair value adjustments arising from the acquisition of Velocys, Inc. in 2008 which are also denominated in US dollars.

8. Investments

	6 months ended 30 June 2015 (unaudited)	6 months ended 30 June 2014 (unaudited)	Year ended 31 December 2014 (audited)
	£'000	£'000	£'000
Investment in ENVIA Energy	2,610	-	1,613
Foreign exchange	(47)	-	98
	2,563	-	1,711

In 2014 the Company entered into a joint venture (ENVIA Energy, formerly GTL JV) with Waste Management, Inc. (NYSE:WM), NRG Energy, Inc. (NYSE:NRG) and Ventech Engineers International LLC to produce renewable fuels and chemicals from biogas and natural gas using GTL. The investment is measured at fair value on the balance sheet date and any changes in value are included in the consolidated income statement. The investment was remeasured at 30 June 2015 and there was no change in value. This is a level 3 fair value measurement. The investment is denominated in US dollars. The parent company had no investments (2013: nil).

9. Reconciliation of movements in total equity

	Called up share capital	Share premium account	Merger reserve	Share-based payments reserve	Foreign exchange reserve	Accumulated Losses	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	1,419	149,225	369	13,220	(2,151)	(77,532)	84,550
Loss for the period	-	-	-	-	-	(12,043)	(12,043)
Share-based payments – value of employee services	-	-	-	1,512	-	-	1,512
Proceeds from share issues	-	13	-	-	-	-	13
Foreign currency translation differences	-	-	-	-	(276)	-	(276)
At 30 June 2015	1,419	149,238	369	14,732	(2,427)	(89,575)	73,756

10. Post-financial position events

It was announced on 11th August 2015 that Roy Lipski, CEO, had left the company by mutual consent. Susan Robertson, CFO, is acting as CEO, and a process to appoint a permanent CEO is underway.

On 2nd September 2015 it was announced that the manufacture of the reactors and catalyst was complete for Velocys' commercial reference plant currently under construction adjacent to Waste Management's landfill in Oklahoma City.

On 23rd September 2015 the settlement of the US intellectual property court case with Johnson Matthey was announced.

On 29th September 2015 a new Non-executive Director, Mark Chatterji, was appointed, bringing considerable banking and finance sector experience to the Board.