

## **Versarien plc**

("Versarien", the "Company" or the "Group")

### **Interim Results for the six months ended 30 September 2019**

Versarien plc (AIM: VRS), the advanced engineering materials group, is pleased to announce its interim results for the six months ended 30 September 2019, a period in which the Company made further progress with its graphene commercialisation strategy.

#### **Financial Highlights**

- Group revenues of £4.38 million (H1 2018: £5.22 million)
- Adjusted LBITDA\* of £0.90 million (H1 2018: £0.36 million)
- Loss before tax of £2.12 million (H1 2018: £0.79 million)
- Cash of £2.64 million at 30 September 2019 (30 September 2018: £6.07 million)
- Net assets of £11.87 million (30 September 2018: £12.32 million)

\*Adjusted LBITDA (Loss Before Interest, Tax, Depreciation and Amortisation) excludes exceptional items and share-based payment charges

#### **Operational Highlights**

- First graphene company in the world to complete the US Graphene Council's "Verified Graphene Producer" programme
- Continued progress in international expansion, including receiving the first graphene orders in the US and Japan
- Large-scale industrial prototype to improve rail transportation infrastructure, using Versarien's graphene enhanced polymer technology showcased and successfully in test to date.
- Successfully incorporated wholly foreign owned enterprise in China (Beijing Versarien Technology Company Limited) with a business license granted by the relevant Chinese authorities
- Receipt of EU REACH approval to manufacture up to ten tonnes of graphene per annum
- Significant improvement in financial performance compared to H1 2018 for the Group's hard wear and metallic products businesses

#### **Post Period Highlights**

- Commercial partnership agreement signed with the Company's textile sector collaboration partner, MAS Innovation (Private) Limited, the first demonstration of Versarien's graphene commercialisation strategy with a major global partner
- Further global success with a collaboration agreement signed with Refractory Solutions Insertec S.L.U. a Company headquartered in Spain
- Non-binding heads of terms signed with Jinan Bo Guan Building Engineering Co., Ltd ("JBG") to form a manufacturing joint venture located in Zhucheng City, Shangdong, providing further opportunities in China in addition to the ongoing discussions and progress with Beijing Institute of Graphene Technology Co. Ltd ("BIGT") and the China International Graphene Industry Union ("CIGIU")
- Graphene incubation facility being established in Fangshan with CIGIU/BIGT in line with AGM statement and contractual negotiations continuing

#### **Neill Ricketts, CEO of Versarien, commented:**

"Over the period under review and subsequently, we have been progressing our business both in the UK and globally. The focus remains on our graphene commercialisation strategy and we are now actively working on 40 mainstream projects with our commercial partners, have a further 24 projects underway and active

research ongoing on another 17. We continue to focus on the projects most likely to produce near-term significant revenue streams. These include graphene-enhanced transportation arches, 3D printing of concrete, aircraft interior parts, parts for down hole drilling in the oil and gas sector and graphene enhanced textiles.

The Company has scaled up its manufacturing capacity to be able to produce three tonnes of graphene per annum and with the award of Graphene REACH registration, we are now in a position to be able to supply product as we near commercialisation. The large-scale industrial prototype arch showcased clearly demonstrates the significant benefits graphene technology can bring. We are also looking at opportunities to secure long term supply agreements with high quality graphite mines.

Discussions with the Beijing Institute of Graphene Technology Co. Ltd and the China International Graphene Industry Union are still ongoing, aided by having been granted a business license for our Wholly Foreign Owned Enterprise (“WFOE”) in China. In line with the AGM statement, we have collaborated with CIGIU/BIGT and have registered the WFOE at the recently publicised Beijing Graphene Industry Innovation Centre Seed Incubation Park. We continue to maintain our primary position which is to ensure, so far as reasonably possible, that we protect our IP and therefore continue to assess other opportunities for factory location which are put to us in addition to any that may be proposed under the BIGT/CIGIU process.

We have also signed a non-binding term sheet with the intention of setting up manufacturing in Shangdong. under a joint venture between Versarien and Jinan Bo Guan Building Engineering Co., Ltd with controlling ownership residing with Versarien. JBG would, together with associates, be responsible for the construction of a graphene valley park over a three-year period and JBG have expressed an interest in taking a strategic investment stake in Versarien as part of any transaction. Legally binding contracts have yet to be signed and updates on progress will be made in due course.

“As well as progressing our technology base it is pleasing to note that our hard wear and metallic products business has shown a significant increase in profitability on stable sales following the efficiency improvements that were implemented in the last financial year.

“We continue to use the cash received from our placing last year to develop application IP through our collaborations, to expand into Europe, the USA, China and South Korea as well as to develop new products such as Biogrene. Together with our accreditation as a verified graphene producer we are confident for the future ahead and look forward to reporting further success over the coming months.”

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**Notes to Editors:**

**About Versarien**

Versarien plc (AIM: VRS), is an advanced engineering materials group. Leveraging proprietary technology, the Group creates innovative engineering solutions for its clients in a diverse range of industries. Versarien has seven subsidiaries operating under two divisions:

## **Graphene and Plastics**

2-DTech Ltd, which specialises in the supply, characterisation and early stage development of graphene products. [www.2-dtech.com](http://www.2-dtech.com)

AAC Cyroma Limited, which specialises in the supply of vacuum-formed and injection-moulded products to the automotive, construction, utilities and retail industry sectors. Using Versarien's existing graphene manufacturing capabilities, AAC will have the ability to produce graphene-enhanced plastic products. [www.aaccyroma.co.uk](http://www.aaccyroma.co.uk)

Cambridge Graphene Limited, supplies novel inks based on graphene and related materials, using patented processes to develop graphene materials technology.

[www.cambridgegraphene.com](http://www.cambridgegraphene.com)

Gnanomat S.L. ("GNA"), based in the Parque Científico Madrid, Spain, is a company capable of utilising Versarien's graphene products in an environmentally friendly, scalable production process for energy storage devices that offer high power density, fast recharging and very long lifetimes for use in electrical vehicles and portable electronics products. [www.gnanomat.com](http://www.gnanomat.com)

Versarien Graphene Inc – based in Texas, is the newly incorporated sales business for the UK's graphene products.

## **Hard Wear and Metallic Products**

Versarien Technologies Limited has developed an additive process for creating advanced micro-porous metals targeting the thermal management industry and supplies extruded aluminium. [www.versarien-technologies.co.uk](http://www.versarien-technologies.co.uk)

Total Carbide Limited, a leading manufacturer in sintered tungsten carbide for applications in arduous environments such as the oil and gas industry. [www.totalcarbide.com](http://www.totalcarbide.com)

## **Chief Executive's Statement**

Our graphene technology continues to gain significant interest both in the UK and abroad, and for some of our collaborations, we are reaching the end of the testing cycle. Our graphene products are also being tested and developed in new products with existing collaborators, as well as gaining momentum in incorporating graphene into energy storage devices following a full year of Gnanomat S.L being part of the Group.

Our discussions with the Beijing Institute of Graphene Technology Co. Ltd (BIGT) and the China International Graphene Industry Union ("CIGIU") are still ongoing, aided by having been granted a business license for our WFOE in China. In line with the AGM statement, we have collaborated with CIGIU/BIGT and have registered the WFOE at the recently publicised Beijing Graphene Industry Innovation Centre Seed Incubation Park. We continue to maintain our primary position which is to ensure, so far as reasonably possible, that we protect our IP and therefore continue to assess other opportunities for factory location which are put to us in addition to any that may be proposed under the BIGT/CIGIU process.

In addition, we have also signed a non-binding term sheet with the intention of setting up manufacturing in Shangdong under a joint venture between Versarien and Jinan Bo Guan Building Engineering Co., Ltd with controlling ownership residing with Versarien. JBG would, together with associates, be responsible for the construction of a graphene valley park over a three-year period and JBG have expressed an interest in taking a strategic investment stake in Versarien as part of any transaction. Legally binding contracts have yet to be signed and updates on progress will be made in due course.

Whilst progress in China has been slower than we initially anticipated, we are pleased that we have a number of options and any delays have been more than offset by progress elsewhere.

Furthermore, I am pleased to report our more mature businesses have returned improved financial performance.

## Graphene and Plastic Products

We are pleased to provide an update on our graphene and other 2D materials collaborations:

Start date	Description	Current status
Oct 17	Collaboration with Israel Aerospace Industries	The project, which is long-term, forms part of continuing development work in CFRP composites with GEIC and WMG. There are multiple phases of work to be carried out with different 2D materials and other additives.
Nov 17	Collaboration with global consumer goods company	Following initial blow moulding test results, the project was subject to some delay due to customer R&D moving from Europe to the UK. The parties are now engaged in commercial discussions to evaluate cost-benefit value.
Dec 17	Agreement with global chemical major	Following positive test results the collaborator is providing funding for a wider study into barrier development. Further discussions have also taken place for wider collaboration on other products, including bottles and recycling streams.
Jan 18	Agreement with global apparel manufacturer, MAS Innovation (Private) Limited	Following the announcement of the Letter of Intent in July 2019, the companies have now signed a Commercial Partner Agreement. The agreement allows for the parties to secure additional commercial deals from a number of third parties, who have expressed interest following trials. The companies have developed several different prototype garments using the company's Graphinks material. Development work has now commenced on infused yarns with graphene.
Feb 18	Agreement with shoemaker, Vivobarefoot	Production relocation caused temporary delay to the project. Since, positive progress is being made with initial formulations created and successfully tested. Scale-up formulations are being trialled, which offer the opportunity for the company to create a complete material solution. Further project work on textiles and leathers has now commenced in conjunction with additional parties.
Feb 18	Medical technology collaboration at Addenbrooke's hospital	Following 18 months of initial trials, the companies are now in negotiations for the commercialising of new products in the wound dressing sector.
Mar 18	Collaboration with Team Ineos (formerly Team Sky) for cycling equipment	Project held up due to change of sponsor. The parties are currently

		discussing new projects, with textile development part of the discussion.
Mar 18	Collaboration with world-leading aerospace group	This longer-term project features work on specific parts and continues with WMG and other parties.
Apr 18	Agreement with Luxus	Active supply chain partner, who is working with us on various projects.
May 18	Consumer goods collaboration for polymer structures in plastics	Further phases of tests are now on-going, which features new product design and use different bio-polymers.
Jun 18	Commercial agreement with MediaDevil	Due to demand from customers, we are working on new phone cases which feature graphene in bio-polymers trademarked as "Biogrene". New batches of materials are currently being compounded and will be sent to production factories shortly.
Jun 18	Agreement with Arrow Greentech	The parties are negotiating a joint development agreement for the development and marketing of the water-soluble films. The companies continue to test a number of other products for the securities sector.
Jul 18	Collaboration with ZapGo Limited	Progress continues to be made on testing, with the companies now moving on to fourth phase testing.
Aug 18	Sporting goods collaboration	New Polygrene blend being formulated for trial at customer factory. In addition, the companies are collaborating on other shoe development and garments.
Aug 18	Collaboration with Axia Materials, South Korea	The project, which involved a consortium of companies has been postponed as a result of consortium funding difficulties
Aug 18	Construction materials collaboration with AECOM	Following the launch of the AECOM CNCT Arch at Network Rail facility in Bristol, the product has been subject to further tests, with positive test data reported to date.
Oct 18	Collaboration with Advanced Insulation	Testing at customer facilities is ongoing.
Dec 18	Collaboration with Chinese Aerospace Company	This longer-term project, which is focused on several materials for different parts continues at an R&D level.
Dec 18	MOU China Railway	The project, which involves GEIC and other civil engineering parties, continues to progress well. The testing features trials with various grades of construction materials for different construction applications.
Dec 18	LOI/MOU Tungshu Optoelectronics	The multiple projects identified progress at different levels due to longer-term and medium terms needs. Testing on inks show highly useful properties for new generation

		household heating applications.
March 19	Further collaboration with Chinese Aerospace Company	The parties continue to progress through the work plan created.
May 19	Collaboration agreement with BP Polymers	Tests on sample materials continue at an R&D level.
Oct 19	Refractory Materials Collaboration	New project with work plans being developed between the parties.

We are excited with the progress of our collaborations during and after the period and for those coming to the end of their testing phase. The next stage is to negotiate commercial supply agreements and we are having a number of discussions to achieve this goal. With our increased graphene production capacity, and with our REACH registration in place, we are well positioned to fulfil orders when those agreements progress into orders.

As announced in July 2019 our first Japanese order is progressing well, with ongoing R&D work being conducted at the customer's R&D facility in the US, with the company giving on-going support. Similarly, our US oil & gas customer, whose first order was announced in June 2019, is showing continued advancement. The masterbatch materials were subject to new tests at a scaled-up level, with satisfactory results achieved. Additional development work is underway and further commercial discussions are anticipated in Q1 2020.

Gnanomat continues to develop its energy storage technology and a Spanish patent for it was granted in April 2019 with formal collaboration agreements with potential partners in discussion. Its funding comes, in the main, from Versarien's resources, but it has also been successful in obtaining a grant from the Spanish Ministry of Science and is applying for further grants from the newly formed European Battery Alliance, as well as from other EU sources.

Our plastic products business performed satisfactorily in the period, still generating profits despite a fall in revenue from H1 2018 due, in large part, by challenging market conditions caused by the uncertainty of the current economic climate. Our intention remains to incorporate graphene into our injection-moulded plastics, and we have a number of trials and tests at customer sites and test facilities.

### **Metallic Products and Hard Wear products**

This business segment has reported slightly increased revenue and significantly increased its profitability during the period, compared to H1 2018, following the implementation of efficiency improvements detailed in the results for the year ended 31 March 2019.

Significantly, Total Carbide has signed up to the national SPRINT business innovation programme, which provides funded access to space-related expertise and facilities at The Open University. The project will enable them to reduce the weight and increase the strength of its throat nozzles for rocket and space propulsion systems by adding our product Hexotene into a heat resistant ceramic.

### **Current trading and outlook**

Having access to the funds raised last year has enabled us to make significant progress across our Group companies. Our focus remains on the commercialisation of our graphene and other 2D materials by progressing our strategies for growth simultaneously in various end-user sectors. This has enabled us to make significant steps towards commercialisation of our products.

With the large-scale AECOM prototype having been showcased, it demonstrates the real and near-term possibilities of graphene, and with our position as the first company in the world to receive accreditation for graphene, coupled with the REACH registration, we are in the best possible position to be a major part of the imminent "Graphene Revolution".

**Neill Ricketts**  
***Chief Executive Officer***  
12 December 2019

## **Chief Financial Officer's review**

### **Group Results**

Versarien's revenue for the half-year ended 30 September 2019 was £4.38 million (H1 2018: £5.22 million).

The operating loss before exceptional items, depreciation, amortisation and share based payment charges was £0.90 million (H1 2018: £0.36 million), and includes 6 months of costs associated with Gnanomat S.L., acquired in October 2018, and Versarien Graphene Inc, our Texas based company incorporated in March 2019.

Exceptional costs were incurred in the period of £0.33 million, which mostly relate to the costs incurred for expansion into China and the US. The loss before tax for the period was £2.12 million (H1 2018: loss £0.79 million).

Group net assets at 30 September 2019 were £11.87 million (31 March 2019 £13.28 million), with cash at the period end of £2.64 million (31 March 2019: £4.29 million). Cash outflow from operating activities was £1.09 million (H1 2018: £0.82 million). The Group capitalised £0.17 million (H1 2018: £0.16 million) principally in development costs and £0.13 million (H1 2018: £0.11 million) in new plant and equipment.

### **Graphene and Plastic Products**

This segment generated revenue, predominantly from the plastics business, of £1.85 million (H1 2018: £2.79 million), returning an LBITDA before exceptional items, (which included costs associated with the two new subsidiaries for the period, Gnanomat S.L. and Versarien Graphene Inc), of £0.96 million (H1 2018: loss £0.28 million). The segment capitalised development costs of £0.15 million (H1 2018: £0.13 million) as work continued on developing specific applications using graphene. Cash used by the business segment was £1.60 million, of which £0.12 million was used to acquire new assets.

### **Hard Wear and Metallic Products**

Revenue for the period remained steady at £2.52 million (H1 2018: £2.43 million), but increased operational efficiencies resulted in a 56% increase in EBITDA before exceptional items to £0.39 million (H1 2018: £0.25 million). The segment generated £0.23 million in cash in the period, compared to £0.1 million consumption in H1 2018, which demonstrates the operational improvements which have been made. This business segment has provided a valuable contribution to the Group's performance.

**Chris Leigh**  
**Chief Financial Officer**  
12 December 2019



## Group statement of comprehensive income

For the half year ended 30 September 2019

		Six months ended 30 September 2019 Unaudited £'000	Six months ended 30 September 2018 Unaudited £'000	Year ended 31 March 2019 Audited £'000
	Notes			
<b>Continuing operations</b>				
Revenue	2	4,376	5,215	9,140
Cost of sales		(3,157)	(3,772)	(6,706)
<b>Gross profit</b>		<b>1,219</b>	1,443	2,434
Other operating income		3	2	148
Operating expenses (including exceptional items)		(3,311)	(2,210)	(5,345)
Loss from operations before exceptional items		(1,762)	(693)	(2,343)
Exceptional items	3	(327)	(72)	(420)
<b>Loss from operations</b>		<b>(2,089)</b>	(765)	(2,763)
Finance charge		(32)	(23)	(66)
<b>Loss before income tax</b>		<b>(2,121)</b>	(788)	(2,829)
Income tax		-	56	117
<b>Loss for the period</b>		<b>(2,121)</b>	(732)	(2,712)
<b>Loss attributable to:</b>				
– Owners of the parent company		(1,862)	(659)	(2,473)
– Non-controlling interest		(259)	(73)	(239)
		<b>(2,121)</b>	(732)	(2,712)
<b>Loss per share attributable to the equity holders of the Company:</b>				
Basic and diluted loss per share	4	(1.21)p	(0.44)p	(1.64)p

There were no comprehensive gains or losses in the year other than those included in the Group Statement of Comprehensive Income.

## Group statement of financial position

As at 30 September 2019

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000	31 March 2019 Audited £'000
	Note		
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible Assets	5	2,812	5,318
Property, plant and equipment		2,887	3,170
Deferred taxation		25	25
		<b>8,540</b>	<b>8,513</b>
<b>Current assets</b>			
Inventory		2,128	2,253
Trade and other receivables		2,400	2,141
Current tax		52	106
Cash and cash equivalents		6,073	4,292
		<b>7,022</b>	<b>8,792</b>
<b>Total assets</b>		<b>16,377</b>	<b>17,305</b>
<b>Equity</b>			
Called up share capital		1,522	1,536
Share premium		17,453	19,776
Merger reserve		1,256	1,256
Share-based payment reserve		295	899
Accumulated losses		(7,884)	(9,698)
Equity attributable to owners of the parent company		<b>12,626</b>	<b>13,769</b>
Non-controlling interest		(327)	(493)
<b>Total equity</b>		<b>12,315</b>	<b>13,276</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables		238	328
Deferred taxation		64	69
Long-term borrowings		495	708
		<b>797</b>	<b>1,105</b>
<b>Current liabilities</b>			
Trade and other payables		1,510	1,528
Invoice discounting advances		1,064	603
Current tax		212	257
Provisions		80	174
Current portion of long-term borrowings		399	362
		<b>3,265</b>	<b>2,924</b>
<b>Total liabilities</b>		<b>4,062</b>	<b>4,029</b>
<b>Total equity and liabilities</b>		<b>16,377</b>	<b>17,305</b>

## Group statement of changes in equity

For the half year ended 30 September 2019

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Share-based payment reserve £'000	Accumulated losses £'000	Non-controlling interest £'000	Total equity £'000
At 1 April 2018 (audited)	1,486	12,529	1,256	187	(7,225)	(254)	7,979
Issue of shares, net of issue costs	36	4,924	-	-	-	-	4,960
Loss for the period	-	-	-	-	(659)	(73)	(732)
Share-based charge	-	-	-	108	-	-	108
At 30 September 2018 (unaudited)	1,522	17,453	1,256	295	(7,884)	(327)	12,315
Issue of shares	14	2,323	-	-	-	-	2,337
Loss for the period	-	-	-	-	(1,814)	(166)	(1,980)
Share-based payments	-	-	-	604	-	-	604
At 1 April 2019 (audited)	1,536	19,776	1,256	899	(9,698)	(493)	13,276
Issue of shares, net of issue costs	3	120	-	-	-	-	123
Loss for the period	-	-	-	-	(1,862)	(259)	(2,121)
Share-based payments	-	-	-	596	-	-	596
<b>At 30 September 2019 (unaudited)</b>	<b>1,539</b>	<b>19,896</b>	<b>1,256</b>	<b>1,495</b>	<b>(11,560)</b>	<b>(752)</b>	<b>11,874</b>

Included within the merger reserve is £53,000 in respect of the merger with Versarien Technologies Limited and £964,000 in respect of the acquisition of Total Carbide Limited and £239,000 in respect of the acquisition of AAC Cyroma Limited.

## Statement of Group cash flows

For the half year ended 30 September 2019

	Six months ended 30 September 2019 Unaudited £'000	Six months ended 30 September 2018 Unaudited £'000	Year ended 31 March 2019 Audited £'000
<b>Cash flows from operating activities</b>			
Cash used in operations	(1,093)	(820)	(1,737)
Interest paid	(32)	(23)	(66)
<b>Net cash used in operating activities</b>	<b>(1,125)</b>	<b>(843)</b>	<b>(1,803)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries	-	-	(673)
Purchase of intangible assets	(165)	(159)	(434)
Purchase of property, plant and equipment	(126)	(108)	(541)
<b>Net cash used in investing activities</b>	<b>(291)</b>	<b>(267)</b>	<b>(1,648)</b>
<b>Cash flows from financing activities</b>			
Share issue	123	5,154	5,155
Share issue costs	-	(194)	(200)
Finance leases net of repayments	(172)	(20)	156
Invoice discounting advances	(187)	(53)	(514)
<b>Net cash generated from financing activities</b>	<b>(236)</b>	<b>4,887</b>	<b>4,597</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(1,652)</b>	<b>3,777</b>	<b>1,146</b>
Cash acquired on acquisition of subsidiary	-	-	850
Cash and cash equivalents at start of period	4,292	2,296	2,296
<b>Cash and cash equivalents at end of period</b>	<b>2,640</b>	<b>6,073</b>	<b>4,292</b>

## Note to the statement of Group cash flows

For the half year ended 30 September 2019

	Six months ended 30 September 2019 Unaudited £'000	Six months ended 30 September 2018 Unaudited £'000	Year ended 31 March 2019 Audited £'000
Loss before income tax	(2,121)	(788)	(2,829)
<b>Adjustments for:</b>			
Share-based payments	596	108	712
Depreciation and amortisation	264	226	497
Disposal of non-current assets	-	-	8
Finance cost	32	23	66
R&D tax credit repayment	-	56	117
Increase in inventories	(7)	(167)	(292)
Decrease in trade and other receivables	125	62	424
Increase/(decrease) in trade and other payables	18	(340)	(440)
<b>Cash used in operations</b>	<b>(1,093)</b>	<b>(820)</b>	<b>(1,737)</b>

## Notes to the unaudited interim statements

For the half year ended 30 September 2019

### 1. Basis of preparation

Versarien plc is an AIM quoted company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company's registered office and its principal place of business is 2 Chosen View Road, Cheltenham, Gloucestershire, GL51 9LT.

The interim financial statements were prepared by the Directors and approved for issue 12 December 2019. These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2019 were approved by the Board of Directors on 19 August 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

As permitted, these interim financial statements have been prepared in accordance with UK AIM Rules and IAS 34, "Interim Financial Reporting" as adopted by the European Union. They should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with IFRS as adopted by the European Union. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2019, as described in those annual financial statements. Where new standards or amendments to existing standards have become effective during the year, there has been no material impact on the net assets or results of the Group.

These interim financial statements have been prepared on a going concern basis using similar assumptions to those made in the statutory accounts to 31 March 2019.

Certain statements within this report are forward looking. The expectations reflected in these statements are considered reasonable. However, no assurance can be given that they are correct. As these statements involve risks and uncertainties the actual results may differ materially from those expressed or implied by these statements.

The interim financial statements have not been audited.

### 2. Segmental information

	Central	Graphene and Plastic Products	Metallic and Hard Wear Products	Intra-group Adjustments	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Six months to 30 September 2019</b>					
Sales	-	1,854	2,522	-	4,376
Gross Margin	-	389	830	-	1,219
Other operating income	-	-	3	-	3
Operating expenses	(964)	(1,480)	(547)	7	(2,984)
Exceptional items	(23)	(286)	(18)	-	(327)
<b>(Loss)/ profit from operations</b>	<b>(987)</b>	<b>(1,377)</b>	<b>268</b>	<b>7</b>	<b>(2,089)</b>
Finance income/(charge)	1	(23)	(10)	-	(32)
<b>(Loss)/profit before tax</b>	<b>(986)</b>	<b>(1,400)</b>	<b>258</b>	<b>7</b>	<b>(2,121)</b>

## 2. Segmental information (continued)

	Central	Graphene and Plastic Products	Metallic and Hard Wear Products	Intra-group Adjustments	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Six months to 30 September 2018</b>					
Sales	-	2,790	2,425	-	5,215
Gross Margin	-	707	736	-	1,443
Other operating income	-	-	2	-	2
Operating expenses	(436)	(1,082)	(594)	(26)	(2,138)
Exceptional items	(72)	-	-	-	(72)
<b>(Loss)/profit from operations</b>	<b>(508)</b>	<b>(375)</b>	<b>144</b>	<b>(26)</b>	<b>(765)</b>
Finance income/(charge)	-	(9)	(14)	-	(23)
<b>(Loss)/ profit before tax</b>	<b>(508)</b>	<b>(384)</b>	<b>130</b>	<b>(26)</b>	<b>(788)</b>

## 3. Exceptional items

	Six months ended 30 September 2019 Unaudited £'000	Six months ended 30 September 2018 Unaudited £'000	Year ended 31 March 2019 Audited £'000
Acquisition costs	-	61	29
Relocation and restructuring costs	17	-	59
Costs relating to expansion in China	220	-	271
Costs relating to setting up of the US subsidiary	67	-	28
Other	23	11	33
	<b>327</b>	<b>72</b>	<b>420</b>

## 4. Loss per share

The loss per share has been calculated by dividing the loss after taxation of £1,862,000 (2018: £659,000) by the weighted average number of shares in issue of 153,894,000 (2018: 148,859,000) during the period.

The calculation of the diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares on the assumed conversion of all dilutive options. However, in accordance with IAS33 "Earnings per Share", potential Ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share. As at 30 September 2019 there were 14,677,130 (2018: 14,090,422) potential Ordinary shares that have been disregarded in the calculation of diluted earnings per share as they were considered non-dilutive at that date.

## 5. Intangible assets

	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000	31 March 2019 Audited £'000
Goodwill	4,431	2,167	4,431
Customer relationships/order books	68	87	81
Development costs	740	390	600

Licence	45	29	48
Intellectual property	163	139	158
Total	5,447	2,812	5,318

## 6. Dividends

As stated in the 2013 AIM Admission document the Board's objective is to continue to grow the Group's business and it is expected that any surplus cash resources will, in the short to medium term, be re-invested into the research and development of the Group's products. In view of this, no dividend is declared and the Directors will not be recommending a dividend for the foreseeable future. However, the Board intends that the Company will recommend or declare dividends at some future date once they consider it commercially prudent for the Company to do so, bearing in mind its financial position and the capital resources required for its development.

## 7. Interim Report

This interim announcement is available on the Group's website at [www.versarien.com](http://www.versarien.com)