Haydale Graphene Industries plc

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

Audited Preliminary Results For The Year Ended 30 June 2014

Haydale Graphene Industries plc (AIM:HAYD), the Company focused on enabling technology for the commercialisation of graphene, is pleased to announce its preliminary audited results for the year ended 30 June 2014.

Operational Highlights (pre and post year-end):

- Haydale's functionalised materials independently proven to double epoxy composite stiffness and strength - opening up the global composite market;
- Ink and coatings collaboration partner secured offering fast prototyping and accelerated product development in barrier coatings, transparent conductive films and 3D printing;
- Global sales reach achieved with marketing and distribution agreements;
- Scale up of plasma functionalisation process on track with successful commissioning of second generation reactor with 2 similar reactors and one larger unit on order; and
- Positive third party verification of plasma functionalisation process through The National Physical Laboratory.

Financial Highlights:

- Raised £6.6 million of new equity funds on admission to AIM in April 2014 which, together with £1.8 million of pre-IPO funds, delivered £8.4 million to the Group;
- £425,000 of grant funded projects secured since IPO;
- Loss after tax for the year £2.1 million (2013: £1.0 million);
- Loss per share £0.28 (2013: £0.18); and
- Net Cash £5.7 million (2013: £0.05 million) at year end.

Ray Gibbs, CEO at Haydale, commented:

"The last year has been extremely busy both internally on operational capability and in our global marketing effort. Critically we have sourced and positively evaluated a number of graphene suppliers as having access to the right material is crucial to being able to offer the ultimate customer focussed solution.

With the funding now in place we look forward with optimism as we are already seeing benefits from the sales, marketing and distribution agreements recently signed. We are experiencing strong interest, in particular from the composite market, arising from the exceptional results reported in June 2014 by the US based independent research organisation Aerospace Corporation. We see this sector as being one of the earliest adopters of graphene enhanced products. Our technical credibility and unique functionalisation process has been further endorsed by the UK National Physical Laboratory.

The steps we've taken to overcome the industry challenge of taking graphene from the laboratory into commercial reality, are set out in my strategic report. We believe that the significant progress made over the last year: technically, financially and commercially has created the building blocks to enable us to deliver on our planned growth."

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About Haydale

Haydale has developed a patent-pending proprietary scalable plasma process to functionalise graphene and other nanomaterials. This enabling technology can provide Haydale with a rapid and highly cost-efficient method of supplying tailored solutions to enhance applications for both raw material suppliers and product manufacturers.

Functionalisation is carried out through a low-pressure plasma process that treats both mined, organic fine powder and other synthetically produced nanomaterial powders, producing high-quality few layered graphenes and graphene nanoplatelets. The process can functionalise with a range of chemical groups, with the level of functionalisation tailored to the customer's needs. Good dispersion improves the properties and performance of the host material and ensures the final product performs as specified.

The Haydale plasma process does not use wet chemistry, nor does it damage the material being processed; rather, it can clean up any impurities inherent in the raw material. The technology is a low energy user and most importantly environmentally friendly. The Haydale method is an enabling technology, allowing the Company to work with a raw material producer who seeks to add value to the base product and tailor the outputs to meet the target applications of the end user.

Haydale, based in South Wales and housed in a purpose-built facility for processing and handling nanomaterials, is facilitating the application of graphenes and other nanomaterials in fields such as inks, sensors, energy storage, photovoltaics, composites, paints and coatings.

www.haydale.com

CHAIRMAN'S STATEMENT

John Knowles, Chairman

I am very pleased to present the Company's first results as a public company following our IPO on the AIM market of the London Stock Exchange on 14 April 2014 ("Admission"). I am further pleased to report that we are successfully implementing our strategy of using partnerships and collaborations with world renowned companies to obtain early sales of our graphene products. This will allow us to establish a leading position in the emerging graphene market and will also lead to licensing opportunities for our plasma technology. As part of our strategy we will also consider suitable acquisitions where these provide access to sales in our target markets.

Inevitably there is a lack of understanding at this stage of development over the performance of and use of graphene. Our aim is to use our unique technology to create understanding and acceptance of graphene by commercialising it and other related nanomaterials as quickly and effectively as possible. Industry is looking for a means to capitalise on the outstanding properties of graphene and our patent applied for graphene functionalisation technology using plasma reactors provides the material which delivers the advantages required for commercialisation. Graphene in its pure form is not necessarily immediately useful and needs various forms of chemical functionalisation to be effective. This is the Haydale speciality.

As is normal with a new technology, there are many challenges we have already faced and overcome during the year under review, and we have made substantial operational progress with our new technical team, production capability, and a new improved plasma reactor which will significantly improve our sales potential. This progress is further outlined in the Strategic Report.

This year has been focussed on putting the essential elements in place for the future growth we expect from a fast moving and exciting sector. This growth does of course require substantial further work and I am pleased to say we have already announced positive developments since our Admission, in particular the significant results achieved by Aerospace Corporation in doubling the strength of epoxy composites using our functionalised graphene nanoplatelets. In the period, we have also generated significant new leads from major companies, which will allow us to broaden our commercial pipeline and customer base, in order to deliver significant financial growth over the coming years.

Fundraising

The financial year ended 30 June 2014 was a busy and exciting one for the Group, culminating in our AIM IPO in April 2014 which raised gross proceeds of £6.6 million. In addition, the Group raised £1.9 million pre-IPO also in the financial year under review. This delivered total funds of approximately £7.9 million to the Group.

The Group is utilising these proceeds to, *inter alia,* expand the Group's operational, sales and marketing capabilities, increase the graphene functionalisation capacity, develop intellectual property and know-how with external partners and they will be sufficient to enable us to deliver our strategic objective of commercialising graphene.

Financial results

Income for the year ended 30 June 2014 amounted to £129,000 (2013: £146,000) and the retained loss was £2.1 million (2013: £1.0 million). Our cash outflow from operating activities was £2.1 million (2013: £0.8 million) and we ended the year with net cash of £5.7 million (2013: £0.05 million). The cash outflow

comprised the loss before taxation of £2.2 million (2013: £1.1 million), adjusted for non-cash items and working capital changes.

Operational highlights

During the year under review, the operational highlights for the Group can be summarised as follows:

- On 6 November 2013 Haydale signed a distribution and collaboration agreement with AMG Mining AG for the Haydale HDPlas® functionalised nanomaterials;
- On 2 December 2013 Haydale listed its HDPlas® range of materials for trade on INSCX™ exchange. INSCX™ is the world marketplace for organisations seeking nanomaterials;
- Haydale were awarded grant funded research work worth up to £165,000 over 3 years on bio-medical sensors:
- In January 2014 Haydale were awarded ISO 9001:2008 Quality Management Systems Certification accreditation together with a recently announced award of ISO 14001: 2004 Environmental Management Systems Certification;
- The National Physical Laboratory produced a favourable report in February 2014 in respect of Haydale's unique patent applied for plasma functionalisation process; and
- In June 2014 Haydale announced a significant breakthrough in results from US based research institute, Aerospace Corporation endorsing the use of Haydale's GNPs in achieving more than a 100% increase in structural strength and stiffness for epoxy composites.

In addition, the Group has welcomed five new directors to the Board strengthening its non-executive function and corporate governance capabilities. The Group has recruited key senior management to enhance our technical capabilities, the sales and marketing function and in operational management.

Outlook

The year's results are consistent with our predictions and with market expectations albeit that at this stage of the development of the Company, income was at a low level. We expect a significant increase in income for the current financial year and our market is global. To this extent, we have made several announcements regarding initiatives since the year end seeking to address key markets including the USA and Far East. These initiatives, together with other development opportunities under consideration, lead the Board to believe that the Group is in a strong position to grow its operations, both at home and overseas, and to deliver its business plan for the benefit of all shareholders. In support of these strategic aims we have, since the year end:

- Boosted our sales efforts and have started making good progress with our marketing and distribution partners, InVentures (USA), planarTECH (Far East), and for R&D materials through INSCX™ and the specialist web based supplier, Goodfellow;
- Started to capitalise on the reputation and support from our ink and coating partner, the Welsh Centre for Printing and Coating, with a development program of specialist products;
- Commenced a program of capacity expansion in our production facility to accommodate increases in technical staff and analytical and processing equipment; and
- Reached an advanced discussion stage with specialist plasma equipment manufacturer Tantec A/S over a long term supply arrangement and in the meantime have already placed an order with two units for delivery in December 2014 and a larger technology demonstrator in early 2015 for future licensees.

I would like to thank the staff, the Board and the Group's external advisers for their hard work over the last year. I would also like to thank Richard Newton-Jones and David Cheyne, who stepped down from the Board earlier this year, for their support and contributions over a number of years.

This will be an important year for Haydale. With the financial strength provided by our IPO, coupled with the support of a strong Board providing a wealth of experience across a wide skill spectrum, the Group is confident of having a successful year. I look forward to reporting on the future developments of the Group.

John Knowles
Chairman
29 September 2014

STRATEGIC REPORT

The directors present their Strategic Report for the year ended 30 June 2014.

PRINCIPAL ACTIVITIES

Haydale Graphene Industries Plc is the AIM listed company with a number of subsidiaries, the principal one being Haydale Limited ("Haydale"). Haydale was incorporated in 2003 and sources, handles and processes nanomaterials with a suite of prototyping and analytical equipment, to facilitate the commercial application of, initially, graphenes for customers worldwide. Our process is, however, equally applicable to other nanomaterials.

Haydale is strategically well positioned in that it can source the most appropriate graphene and other nanomaterials feedstock from suppliers that, in conjunction with its unique proprietary plasma treatment (known as functionalisation), produces a tailored customer focussed solution. This is one that enables the nanoparticles (e.g. graphene) to disperse uniformly in the target material. Proper dispersions are essential in enabling the potential of graphene and other nanomaterials to be realised.

What is Graphene?

Carbon is an amazing material and is the basis of all organic living materials. It is also found naturally in different forms or allotropes, including diamond, graphite and coal. In 2004, scientists Professors Andre Geim and Konstantin Novoselov at the University of Manchester first isolated and characterised graphene. In 2010, they received the Nobel Prize in Physics for their ground breaking research which elevated this material to the world stage, sending ripples of excitement through the academic, investment and corporate world.

The term 'graphene' which originally described a single 2-D sheet of carbon atoms, has gradually been widened to encompass both sheet and flake carbon materials produced by a variety of methods. Engineering applications tend to focus on the use of graphene nanoplatelets (GNPs). These materials can be produced by a 'top down' production method, involving the exfoliation of mined graphite to produce flakes, or by a 'bottom up' production method, such as chemical vapour deposition from a carbon source. Experimental characterisation has revealed that graphene is mechanically 200 times stronger than steel, has in-plane electrical and thermal conductivity higher than copper, and has an incredible surface area of over 2,500m^2 per gram. The particulate graphene form can be produced in large quantities in various thicknesses. Few layer graphene (FLG) comprises several atomic layers of carbon, and so-called many-layer graphene, or graphene nanoplatelets (GNPs) typically comprise 5-100 layers. Thereafter the material can be described as graphite.

The challenge is how to translate these properties measured in the laboratory into commercial applications, especially as graphene is effectively inert? This is where Haydale comes in.

Commercialisation of Graphene

Realising the full benefits of nanomaterials and especially graphene is rarely easy. They need to be optimised for incorporation into the intermediate material or end use application. When you get it right, the results can be spectacular. In June 2014, Haydale announced the outstanding results achieved by the USA based Aerospace Corporation in incorporating our suitably functionalised GNPs in reinforcing epoxy resins and composites.

To date, many tens of millions of dollars has been invested by governments and corporations seeking ways and means to capitalise on the significant benefits offered by graphene. Haydale is not a manufacturer of the raw graphene, rather we are a solutions provider focussed on the early adoption and commercialisation of graphene. We have an enabling technology utilising a unique functionalisation process on nanomaterials, specifically graphene, as a means of delivering improved product performance. We have the capability now to source and use, both organic and synthetically produced flake graphene, and to modify the surface of the graphene with specific chemical functional groups tailored to the requirements of the end user's application. This process is known as functionalisation. Applying the correct functionalisation has two immediate benefits, namely, the promotion of:

- homogeneous dispersion in a solution (ie avoiding agglomeration); and
- chemical interaction or bonding with a substrate or matrix.

Functionalisation is carried out through a low pressure plasma process that treats both organic mined fine powder and other synthetically produced nanomaterial powders producing high quality few layered graphenes and graphene nanoplatelets. The process can functionalise with a wide range of chemical groups, where the concentration of chemicals can be tailored to the customer needs. Good dispersion improves the properties and performance of the host material and ensures it delivers to the desired specification.

There continues to be significant government and institutional funding aimed at applications for graphene. We are working with and are in discussions with several large multi-national corporations and universities to create "intermediate products" such as conductive inks, epoxy composites and coatings.

The general use of nanoparticles is well accepted in the pharmaceutical, cosmetic and chemical industries. Adopting a new material such as graphene however takes time, requiring sampling, testing and evaluation. Often this is done in conjunction with collaboration partners, primarily end users who are willing to consider new innovative materials in seeking a competitive advantage. Our approach has been to work with the material suppliers and/or the end user to develop intermediate products that the manufacturer can use to improve a product offering. Our market focus is targeted on sectors where we consider early adoption of new innovative materials is commonplace. Often, take up of a new material is hampered by the need to invest significant sums in new plant and equipment and discard the existing machinery. We consider that the markets that we have focussed on, namely, energy harvesting, inks/coatings and specifically composites have less inbuilt inertia to change and are early adopters of such new materials.

OPERATING REVIEW

In the year under review, and in the three months post year-end, the Company has made significant progress in building its human resources, production and sales capability. The objective has been to underpin the strategic markets we are focussed on to deliver the growth required to move to an operating profit and, as highlighted above, within the past year, Haydale has signed a series of distribution and partnership agreements to help achieve this goal.

R&D Materials

Access to the right nanomaterials is crucial to being able to offer the ultimate customer focussed solution. In November 2013, we agreed an exclusive distribution arrangement and a supply contract with AMG Mining AG. Since then we have seen, evaluated and qualified many different suppliers to provide us with a broad range of materials to choose from which will best suit the end users'

application. All have to be able to demonstrate continuity of supply and consistency of product which are critical components in the supply chain.

In addition we have distribution outlets now for some of our functionalised graphene based materials through Graphene Supermarket, INSCX™ and most recently with leading global materials supplier, Goodfellow. These collaborations are principally to focus on distributing Haydale's line of functionalised graphene nanoplatelets (GNPs) which are sold under the trade name, HDPlas®.

Inks and Coatings

Having tested the market for some time with a conductive "Graphene" based ink, the agreement with the Welsh Centre for Printing and Coating (WCPC), signed in July 2014, has enabled us to now launch a commercially available conductive ink. WCPC are investigating the exploitation of functionalised graphene, and other carbon nano-materials developed by Haydale, in areas such as transparent conductive films, barrier coatings and 3D printing.

Composites

We announced in June 2014 the results of independent research by the Aerospace Corporation in the USA, which demonstrated substantial improvements in epoxy composite strength and stiffness. For the composites market, Haydale's plasma process has the potential to offer the tailored functionalisation of graphene nanomaterials whilst maintaining structural integrity thus eliminating a key barrier to the commercialisation of graphene in this sector.

We are focussed on developing our composite offerings and seeking industrial partners who can design, develop and commercialise advanced polymer composite materials on a global basis. In a number of instances we have commenced commercial discussions. With the right partners, we believe that the Haydale nanomaterials will show demonstrable clear technical, economic and environmental benefits over existing structures currently manufactured in traditional materials such as steel, aluminium, wood or concrete.

Energy Harvesting

We are working on several potential strategic alliances in this complex market. Our team of energy experts have identified a number of specialist sectors for exploitation, where our novel materials and functionalisation can make a difference. We would expect to make good progress in this sector over the coming year which is likely to include the work done by target partners in the energy market including key University knowledge and testing facilities.

Sales strategy

We continue to invest in personnel to capitalise on the increasing momentum achieved over the last year. Aiming to vigorously pursue our commercialisation strategy, we have recruited a Haydale business development director and 2 support managers with polymer coatings and ink expertise to exploit our growing technical reputation. As part of our global sales strategy, we engaged with two organisations in July 2014 who can explore and bring significant sales and collaboration opportunities in the Far East (planarTECH) and USA (InVentures). We believe that the use of agents who are already well established and recognised in their specific areas of expertise will significantly reduce the time required for Haydale to become well known in these territories. We are now able to cost effectively engage customers across the globe to develop application specific, graphene enhanced materials. There are encouraging signs of early interest from both markets in our materials, process and products.

Grant funding

Sampling of the functionalised materials continues as a means to engage with industrial corporations and manufacturers and to enter collaborations and consortia on dedicated projects. Since April 2014, we have secured focussed and important grant funded work from which our future income will be over £425,000. This includes one current and one future project partly funded by Innovate UK (previously known as the Technology Strategy Board). In October 2014, we also start on a European project in conjunction with the German based Fraunhofer Group (and others) to develop a high resolution roll to roll printing of bio-compatible graphene/protein multilayers for bio medical applications. This project is expected to be worth over £175,000 in income to the Group over the next 3 years.

In addition, although relatively small, we have been included in a successful UK defence contract feasibility study to develop a prototype coating for a novel hydrophone under water system. A positive outcome in this project, which is scheduled for completion in the current financial year, could lead to significant additional work. The defence sector is an area that we consider has significant potential for the range of products we are starting to develop.

Operations and technical

In the year under review, headcount more than doubled to 10 and post year-end we have added a further 2 technical staff with a further 3 budgeted joiners for the remainder of the current financial year. The appointment of Dr Chris Spacie, as Group Chief Technical Officer from Morgan Advanced Materials in September 2013, has been crucial in ensuring the production and processing capability was controlled and reproducible. Our functionalisation process was positively commented on by the National Physical Laboratory in February 2014.

We now have an established processing and treatment facility capable of supplying tonnes of graphene per year exactly to the customers' specification. Haydale has developed a patent pending proprietary scalable plasma process to functionalise graphene and other nanomaterials. Switching plasma reactor suppliers to Tantec A/S has enabled the business to increase capacity and improve the functionalisation process incorporating state of the art latest technology. We are in advanced discussion with Tantec A/S over a long term supply agreement and have already ordered two new reactors with delivery expected in late 2014. These units are expected to remain in the UK as additional capacity for our immediate future although certain customers have commenced enquiries on licensing a reactor. Consequently we have also ordered a reactor capable of annually functionalising multiple tonnes of material. This will act as further capacity but also promoted as the technology demonstrator which is seen as the reactor that larger-scale licensees will require.

As part of our expansion plans we have commenced work on creating additional dedicated laboratory space in a smaller unit of 2,500 sq ft adjacent to our 5,000 sq ft main factory in Ammanford. This facility will enable us to rapidly develop and test the intermediate products for the defined market sectors above as a means of assisting the sales team with their marketing and promotion efforts. Furthermore, as part of our commercialisation strategy, we have opened a small sales and marketing office within Reading University.

Licensing

Licensing is a key part of our sales strategy and we are pleased with the initial discussions held with a number of blue-chip organisations to date on the possibility of licensing our technology and our reactors to the customers own locations. Whilst there can be no guarantee at this stage that agreements will be

completed, we anticipate that the terms of licensing agreements will be in line with the Board's expectations.

FINANCIAL REVIEW

The Financial Review should be read in conjunction with the consolidated financial information of the Group and the notes thereto. The consolidated financial statements are presented under International Financial Reporting Standards as adopted by the European Union.

Statement of Comprehensive Income

In the year under review, the Group primarily focussed on continuing to improve its proprietary plasma functionalisation process, with a view to commencing a sales and marketing push following the Group's admission to AIM. Accordingly, income for the year was £129,000 (2013: £146,000) with a loss from operations of £2.2 million (2013: £1.1 million). Support from grant funded projects totalled £110,000 in the period under review (2013: £55,000).

R&D expenditure for the year amounted to £0.4 million (2013: £0.5 million), with salaries for technicians, lab assistants and scientific personnel, as in 2013, accounting for the majority of the spend. Other administrative costs for the year totalled £1.9 million (2013: £0.7 million), a significant proportion of which were incurred as professional fees in connection with the Company's admission to trading on AIM.

The loss after tax for the year was £2.1 million (2013: £1.0 million) and the loss per share was £0.28 (2013: £0.18).

Statement of Financial Position and Cashflows

As at 30 June 2014, net assets amounted to £6.8 million (2013: £1.0 million), including net cash balances of £5.7 million (2013: £0.05 million). At the year end and as at today, the Group does not have any bank or other debt (save for trade payables in the ordinary course). Net cash outflow from operating activities for the year was £2.1 million (2013: £0.8 million), the main contributing factor being the operating loss of £2.2 million.

The Group was principally funded during the period by new equity share issues proceeds (net of costs) amounting to £7.8 million (2013: £0.8 million), together with grant funding income of £0.1 million (2013: £0.06 million).

Capital Structure and Funding

As at 30 June 2014, the Company had 11,247,823 Ordinary Shares in issue, which number is unchanged at the date of this report. On 20 March 2014, the Company conducted a bonus issue of shares on the basis of 80 new Ordinary Shares for each existing ordinary share by capitalising £158,320 of the Company's share premium account. In addition, the remaining balance standing to the credit of the Company's share premium account was reduced by £4,742,000 with the amount so reduced being credited to a reserve.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
REVENUE		19	91
Other income		110	55
		129	146
Administrative expenses			
Costs of admission to AIM		(424)	-
Research and development expenditure		(416)	(478)
Share based payment expense		(67)	(4)
Other administrative expenses		(1,424)	(720)
		(2,331)	(1,202)
LOSS FROM OPERATIONS		(2,202)	(1,056)
Finance costs		(14)	(5)
LOSS BEFORE TAXATION	4	(2,216)	(1,061)
Taxation		71	69
LOSS FOR THE YEAR / TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT		(2,145)	(992)
Loss per share attributable to owners of the Parent			
Basic (£)	5	(0.28)	(0.18)
Diluted (£)	5	(0.28)	(0.18)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Retained profits £'000	Total £'000
At 1 July 2012	1	2,420	-	(1,235)	1,186
Total comprehensive loss for the year	-	-	-	(992)	(992)
Recognition of share-based payments	-	-	4	-	4
Issue of ordinary share capital	-	826	-	-	826
Transaction costs in respect of share issues	-	(32)	-	-	(32)
At 30 June 2013	1	3,214	4	(2,227)	992
Total comprehensive loss for the year	-	-	-	(2,145)	(2,145)
Recognition of share-based payments	-	-	67	-	67
Issue of ordinary share capital	66	8,443	-	-	8,509
Transaction costs in respect of share issues	-	(623)	-	-	(623)
Bonus issue of £0.02 ordinary shares	158	(158)	-	-	-
Reduction in share premium	-	(4,742)	-	4,742	-
At 30 June 2014	225	6,134	71	370	6,800

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	30 June 2014 £'000	30 June 2013 £'000	1 July 2012 £'000
ASSETS			
Non-current assets			
Goodwill	51	51	51
Intangible assets	554	590	625
Property, plant and equipment	527	519	426
	1,132	1,160	1,102
Current assets			
Inventories	22	24	25
Trade receivables	8	2	36
Other receivables	244	85	74
Corporation tax	63	64	49
Cash and bank balances	5,677	54	149
	6,014	229	333
TOTAL ASSETS	7,146	1,389	1,435
LIABILITIES			
Current liabilities			
Trade and other payables	300	290	244
Deferred income	46	107	5
TOTAL LIABILITIES	346	397	249
TOTAL NET ASSETS	6,800	992	1,186
EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital	225	1	1
Share premium account	6,134	3,214	2,420
Share-based payment reserve	71	4	-
Retained profits	370	(2,227)	(1,235)
TOTAL EQUITY	6,800	992	1,186

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2014

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Cash flow from operating activities		
Loss before taxation	(2,216)	(1,061)
Adjustments for:-		
Amortisation of intangible assets	36	35
Depreciation of property, plant and equipment	137	120
Share-based payment charge	67	4
Finance costs	14	5
Operating cash flow before working capital changes	(1,962)	(897)
(Increase) / decrease in inventories	(2)	-
(Increase) / decrease in trade and other receivables	(165)	23
(Decrease) / increase in payables and deferred income	(51)	34
Cash used in operations	(218)	57
Income tax received	72	53
Net cash flow from operating activities	(2,108)	(787)
Cash flow used in investing activities		
Purchase of property, plant and equipment	(147)	(226)
Proceeds from disposal of property, plant and equipment	2	12
Finance costs	(5)	(4)
Net cash flow in investing activities	(150)	(218)
Cash flow used in financing activities		
Proceeds from issue of share capital	8,425	826
Share issue costs	(623)	(31)
Grants received	-	115
Issue of convertible debt	79	-
Net cash flow from financing activities	7,881	910
Net increase / (decrease) in cash and cash equivalents	5,623	(95)
Cash and cash equivalents at beginning of the financial year	54	149
Cash and cash equivalents at end of the financial year	5,677	54

1. General information

Haydale Graphene Industries Plc (the “Company”) and its subsidiaries (together the “Group”) are focussed on enabling technology for the commercialisation of graphene.

The Company is a public limited company which is listed on AIM on the London Stock Exchange and is incorporated and registered in England and Wales. The Company’s registered office is Clos Fferws, Parc Hendre, Capel Hendre, Ammanford, Carmarthenshire, SA18 3BL.

2. Group Annual Report and Statutory Accounts

The financial information of the Group set out above does not constitute "statutory accounts" for the purposes of Section 435 of the Companies Act 2006. The financial information for the year ended 30 June 2014 has been extracted from the Group's audited financial statements which were approved by the Board of directors on 29 September 2014 and will be delivered to the Registrar of Companies for England and Wales in due course. The report of the auditor on these financial statements is unqualified, did not include any references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

3. Basis of preparation

Whilst the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRSs') as adopted by the European Union, this announcement does not itself contain sufficient information to comply with those IFRSs. This financial information has been prepared in accordance with the accounting policies set out in the June 2014 report and financial statements.

4. Loss before taxation

Loss before taxation is arrived at after charging:

	2014 £’000	2013 £’000
Research and development:		
- current period’s expenditure	380	443
- amortisation of capitalised expenditure	36	35
Depreciation of property, plant and equipment	137	120
Operating lease rentals:		
- land and buildings	34	28
- plant and machinery	1	-

5. Loss per share

The calculations of loss per share are based on the following losses and number of shares:

	2014 £'000	2013 £'000
Loss after tax attributable to owners of the Haydale Graphene Industries Group	(2,145)	(992)
Weighted average number of shares:		
- Basic and Diluted	7,755,175	5,661,495
Loss per share:		
- Basic (£) and Diluted (£)	(0.28)	(0.18)

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic earnings per share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of IAS 33.

6. Further information

A copy of this preliminary statement will be available to download on the Group's website www.haydale.com. Copies of the Annual Report and Accounts, together with the notice convening the annual general meeting, will be posted to shareholders in due course at which time the Annual Report and Accounts will be made available to download on the Group's website, www.haydale.com, in accordance with AIM Rule 26.