Surface Transforms plc
("Surface Transforms" or the "Company")

Preliminary Results and
Notice of Annual General Meeting

Surface Transforms (AIM: SCE) is pleased to announce its preliminary results for the year ended 31 May 2016. The Company's Annual Report and Accounts for the year ended 31 May 2016, together with a notice convening the Company's Annual General Meeting at finnCap, 60 New Broad Street, London, EC2M 1JJ on Tuesday 29 November 2016 at 11.00 am will be posted to shareholders in due course. Copies of the Annual Report and Accounts will be available on the Company's website: www.surfacetransforms.com as from this posting date.

Highlights

- Significant, and continuing, progress with automotive Original Equipment Manufacturers (OEMs) on winning 'game changer' contracts, including signing a pre production contract with a major German automotive OEM.
- Continuing progress on the aerospace contract with production still expected to commence in early 2018
- Successful equity placing raised £5.5m to finance the Company's expansion plans. Negotiations since completed on new 55,000 ft² factory in Knowsley, Liverpool, providing sufficient floor space for the production capacity of initially approximately 20,000 discs per annum.
- Revenues increased by £0.3m to £1.4m (2015: £1.1 m)
- Sales to retrofit and near OEM customers increased by 33.3% to £557k (2015: £418k)
- Gross margin percentage increased to 51.6% (2015: 51.1%)
- EBITDA (including tax credits and excluding share based payments) loss of £640k (2015: loss of £584k)
- Increased research costs of £1,254k (2015:£933k)
- Loss before taxation of £1,154k (2015: loss of £982k)
- Loss per share at 1.44p (2015: loss per share of 1.65p)
- Cash used in operating activities increased by 62.6% to £909k (2015: £559k)
- Cash position as at 31 May 2016 of £4,777k (2015: £829k)

Chairman's Statement

The financial year ended 31 May 2016 has been transformative for Surface Transforms,

- improvement of the underlying financial performance – offset by increasing research costs;
- excellent, and continuing, progress on the "game changing" aerospace and automotive OEM contracts, including signing a pre-production contract with an internationally renowned German sports car manufacturer;
- completion of negotiations on a new factory site together with supporting local authority grants and interest free loans. Orders have been placed, and deposits paid, on the key items of new capital equipment to support an annual capacity of 20,000 discs which management anticipate would equate to sales of £17m per year; and
- £5.5m placing and open offer which in part will finance this capital equipment.

Sales in the year rose by 28% to £1,362k (2015: £1,066k). This increase was primarily driven by an increase of 55% in sales to retrofit customers of £384k (2015: £247k) and a one-off increase of £142k in aerospace development revenues.

Whilst the loss for the year after tax rose to £848k (2015: £765k), this was largely attributable to increased research costs to £1,254k (2015: £933k) to support both the achievement of the German Automotive Industry standard (VDA 6.3) and the increasing activity on the "game changing" contracts, slightly offset by the subsequent increase in the R&D tax credit to £306k (2015: £217k), albeit this increase in "other income" was less than anticipated as the Company received approximately £100k less research grants than expected. The gross margin percentage and all other costs were broadly in line with the previous year.

However at this stage of the Company's development, the crucial issue is revenue growth. In this regard, the Company is pursuing both aerospace and automotive customer opportunities.

In aerospace the Company is still expecting to commence series production of a carbon ceramic brake disc package on a US military aeroplane in early 2018. We expect first financial year ("FY") revenues of £0.5m and future mature production sales of £1.3m. Testing has continued throughout the year with all objectives having been met. By contrast there has been little progress on the civil light aircraft opportunity, solely driven by resource constraints within our customer.

In the automotive market the Company is pursuing two parallel, complementary but in practice, different revenue strategies:

- in the short term, retrofit and "near OEM's" are important to both demonstrating real road mileage experience and reducing "cash burn". The Company fits retrofit products to road cars already in service replacing both iron discs and competitor discs. "Near OEMs" are defined as car assemblers who take existing models, pre-registration and customise them for higher performance and/or luxury, as well as companies who build very specialist vehicles. Individual "near OEM" sales volumes are typically between 10 and 200 cars per year;

- the longer term game changing OEM contracts on cars generally costing more than £50,000 where the model volumes (on which contracts are based) are typically between 500 and 5,000 cars per year. These potential customers are typically well known international brands.

In respect of the five main automotive manufacturers the Company is working on or is in discussions with:

OEM 1 (British) Start of production ("SOP") on this limited edition car had been expected to be in mid-2018, with first financial year ("FY") sales of £0.8m and a further £1.2m in the following FY. For reasons unconnected with Surface Transforms this performance car customer has extended the vehicle freeze date of the first model by six months but has stated that this will not impact the SOP of the car. Self evidently any delay in the SOP dates causes anxiety about the programme itself. At the very least it seems increasingly likely that the SOP will slip by six months and this is now the Company's planning assumption.

OEM 2 (British) SOP is currently scheduled for late 2020 with first FY sales of £0.7m and future mature production sales of £1.1m. This luxury car company continues to test, however it is a sister company of OEM 3 and is therefore waiting for the OEM 3 tests to finish before contractually committing to Surface Transforms. Nonetheless the size and weight of this vehicle is such that the superior heat dissipation characteristic of the Surface Transforms product is particularly relevant.

OEM 3 (German) As recently announced, the Company has signed a pre-production technology development agreement with OEM 3. As part of this process the customer notified the Company that, after achievement of agreed technical and operational goals, they intend to introduce Surface Transforms onto a different, higher volume, model than previously discussed. This change of model impacts the forecast sales and cash profile. The SOP is now later than forecast (now September 2019) but the effect is a higher forecast of sales in FY 2017-18 (higher volume cars need more prototype parts), lower than forecast sales in 2018-19 (later SOP) but significantly higher sales thereafter. The details of these numbers are still in discussion but the Company's planning assumptions now include this change of model.

The significantly higher volumes of this different model have capacity implications in Q4 2019 that may require further investment to meet the needs of other customers (above the currently planned total 20,000 p.a. planned disc capacity). However no decisions on capacity to support other customers will be made without contractual customer commitment from OEM 3.

The testing, process is arduous, but progress is in line with management expectations and we expect a final decision, on this model, at the end of Q1 2017.

OEM 4 (German) SOP is currently scheduled for late 2020 with expected initial FY revenues of £1.8m and future mature production sales of £3.8m. As previously announced, this is a sister company to OEM 3 and therefore, the current testing required by OEM 3 should not need to be duplicated. OEM 4 sees all the test data from OEM 3.

It is not clear if the later SOP of OEM 3 will impact OEM 4 but our revised planning assumption is that this could well be the case.

OEM 5 (German) This Company is a competitor to OEMs 2, 3 and 4. SOP is currently scheduled for mid-2019 with expected initial FY revenues of £2.5m and future mature production sales of £2.6m. There has been an acceleration of activity with this customer who is both aware of their competitors' activities with Surface Transforms and seeking to ensure they get equality of resource allocation. No new issues have arisen from recent testing.

In support of these anticipated contract wins the Company is in the process of moving from its Ellesmere Port site to a new facility in Knowsley, Liverpool, and increasing floor space from 12,000 ft2 to 55,000 ft2. This new floor-space has a footprint which could accommodate machines with a capacity for 100,000 discs per annum. The Company is now in occupation of this site and the planned move is ahead of schedule. In the period to September 2016 the Company has also now ordered and paid deposits of £735k on the key items of plant totaling £2.9m which would support a capacity of 20,000 discs to be located in the new site. Local authority grants and interest free loans to the value of £500k have been negotiated, to be offset against the capital expenditure; the first instalment of the grant income has been received in the new financial year.

The German automotive companies have requested that the Company achieve the German automotive quality standard VDA 6.3 before issuing contracts – this project is well in hand and we expect to achieve this accreditation within the next six months and in advance of any contract award.

This capacity expansion has been financed by an equity cash raise of £5.5m and a loan to equity conversion of £400k. The Company would like to thank both existing and new shareholders for their support in this fundraising.

Strategic Report

Operational Review and Principal Activity

Surface Transforms is a UK based developer and manufacturer of carbon ceramic products for the brakes market. In these industries our products are lightweight, extremely durable and highly refined. They offer better heat dissipation and material strength; resulting in superior wear life, improved brake pad wear life and weight reduction compared to our competitor's carbon ceramic products in the automotive industry and for the aerospace industry they offer weight reduction, improved brake performance and superior wear life.

Our strategy is to firstly manufacture and sell high quality engineered products into the automotive retrofit market and 'near OEM' market. Although these markets are relatively small it allows the Company to generate revenues/cash and importantly reduces the product and supplier risks for the main part of our strategy. The Company's primary focus is to work closely with major Tier 1 suppliers and OEMs and introduce our products into these large volume original equipment manufacturers (OEMs).

The key features of our business model are as follows:

- we engineer, develop and manufacture carbon ceramic brake products, which deliver high technical performance for the demand in luxury and performance brakes markets, which we estimate to be, ultimately, a £2 billion per annum market;
- our product technology offers highly desirable technical advantages over our competitors and our process technology offers a highly competitive low cost manufacturing route making our products price competitive with good margins;
- to sell a new disruptive product technology the risks need to be managed. These risks are addressed in partnership with Tier 1 system suppliers and OEMs and through adoption of our products in the retrofit and niche vehicle car manufacturers;
- we have an industry recognised high quality product that has been validated by our strategic partners/customers to support product adoption in the key 'game changing' volume markets;
- our quality management systems follow the automotive and aerospace quality standards (TS16949 and AS9100); and through continuous improvement we are developing our system to be compliant to the German automotive industry quality standard (VDA6.3); and
- we are building a new advanced manufacturing plant with a capacity of approximately 20,000 disc/annum that becomes operational during 2018 that will then supply the large volume OEMs.

Our products are protected by a high level of intellectual property through a combination of patents and mainly Company process knowhow.

Delivering our objectives:

New product engineering and sales have expanded in the retrofit and niche vehicle markets. We continue to offer retrofit products for Porsches, Ferraris and Nissan GTR's. We have added three new kits to our Porsche range, three new kits for Ferrari 458 and 430 models and our first kit for Aston Martin V8 Vantage.

In addition our tactical objectives relating to the key automotive market differentiators are advancing well:

- Product – Engineering support to British OEM 1 continues albeit with delays to programme. Refinements have been introduced to delivery to German OEM 3 environmental requirements. Progress is good and is anticipated to meet the customer's requirements during the next financial year.
- Quality – We have maintained our automotive quality standard (TS16949) and aerospace quality standards (A9100) during the year and are focused on further improving our business and manufacturing systems to comply with the German automotive industry quality standard (VDA6.3). The Company has invested £200k towards this objective, is pleased with the progress made and is on track to become compliant within the next 6 months. These activities have also begun to yield significant improvements in the cost of manufacturing non-conformance. This has been very encouraging and has also confirmed that further significant improvements can be made during the next 12 months.
- Supply chain security and manufacturing capability – Our expansion plans are progressing well with the Company expecting to move from its current Ellesmere Port location to its new Knowsley factory before the end of 2016. The new factory has been designed using lean manufacturing techniques and will initially have three manufacturing cells. A small volume production cell which will continue to support our existing automotive customer and additional 'near OEM' customers. A series production cell which is being designed and built during 2017 and will supply the first large volume OEM customer model. An Aerospace cell which will supply our aerospace customer for their US military aircraft programme. The factory then has the floor space to support a further four similar sized series production cells to support future demand. In total the three manufacturing cells provide a capacity of 20,000 discs per annum, with the capability to expand the factory to a capacity of approximately 100,000 discs per annum.
- Cost – our cost reduction programme has now been fully incorporated into the series production cell process and is expected to achieve the target of reducing the cost to manufacture by over 40%. With the introduction of the series production cell we will then have completed the cost reduction programme to reduce the cost to manufacture by over 50%.

In terms of the manufacture and supply of aircraft brakes we continue our targeted strategy of working with an international aircraft brake system supplier on an exclusive basis. The two companies have continued to work together with the aircraft manufacturer and US Military to progress the qualification, certification and approval process. Progress has been made and is expected to continue during 2017 to commence series production in early 2018.

There has been a large amount of engineering work completed during the year to support the good progress made for both the OEM customers and the new factory. The demand for engineering time has increased further particularly in terms of the quality and manufacturing requirements for our automotive OEM customers. As part of the additional £200k investment previously mentioned we are increasing our engineering resources further. The expanded team will ensure the delivery of:-

- The new factory in terms of design and building the manufacturing capability; and
- Series production manufacturing cell meets our automotive OEM customer requirements, our cost to manufacture target and supply chain security plan.

By focusing the Company on these key medium and long term objectives the Company will have the manufacturing capacity to produce approximately 20,000 discs per annum.

Financial review

In the year ended 31 May 2016, revenues were £1.4m (2015: £1.1m). Gross margin improved during the year to 51.6% (2015: 51.1%) due to the sale of more products at a higher gross margin compared to prior year.

Losses after taxation increased by 10.8% to £848k (2015: £765k) due to additional costs in operational and engineering staff appropriate to continued investment and lower grant income, while being offset by increases in gross margin and income tax credit.

At 31 May 2016, inventory was £570k (2015: £317k). This increase was due in part due to an increase of work in progress, and higher volumes of finished product.

Net cash used in operating activities increased by 62.6% to £909k from £559k in the prior year, mainly due to increased losses after tax, offset by R&D tax credit received of £306k.

The Company had a cash balance of £4,777k at 31 May 2016 (2015: £829k).

Loss per share was 1.44 pence (2015: loss 1.65 pence).

Key performance indicators

The Directors continue to monitor the business internally with a number of performance indicators: order intake, sales output, profitability, supply chain capacity, health and safety, quality and manufacturing cost of automotive discs. A set of business milestones is also updated and reviewed as part of the monthly board meeting.

The Company produces an annual business plan and full monthly forecasts detailing sales, profitability and cash flow to help monitor analysis performed above business performance going forward. These are detailed in the Financial Review above.

Management meetings are held on a weekly basis, all senior managers attend and discuss production, engineering, financial and quality issues.

Risks and uncertainties

As in previous years the principal risk faced by the Company is considered to be the speed at which our customers and potential customers adopt the new carbon ceramic product technology. Indications are that there is a strengthening desire from our strategic aerospace partner and from a number of volume automotive OEMs to incorporate the Company's product in their respective platforms. This risk is constantly assessed by regular customer review meetings.

The risks associated with designing and building of a new factory is being managed by a project team that has the experience and skills to deliver this type of project. Regular weekly and monthly reviews are held and the project's progress is communicated across the entire company on a regular basis.

In terms of uncertainties, product sales are expected to decline in the race markets but continue to grow in the retrofit and niche vehicle markets with an increasing number of distributors and niche vehicles. This uncertainty is constantly assessed by regular customer meeting and monitoring the level of enquiries and orders for both the Company's products and industry wide.

In addition, the Company faces the continued uncertainty created by the global economic and political climate. This changing landscape is constantly assessed and reviewed by both the management team and the board of directors.

In summary, the Company has seen significant progress in its automotive ‘game changing’ projects and is progressing well with its expansion plans. Further progress on automotive ‘game changers’ is expected during 2017 and 2018.

Directors and Staff

We would like to thank all our colleagues, management and staff alike, for their hard work and dedication over the past year.

Outlook

The Company expects sales in the FY 2016-17 to be flat when compared with FY 2015-16 and to also return to a historically more typical split between first half-year and second half-year sales than was seen in the current FY 2015-16. As a result the first half sales of FY 2016-17 will be below the first half sales of FY 2015-16 even if the sales for the year are unchanged.

We expect the factory move to be complete by the end of the calendar year, ahead of schedule.

However this overall picture masks considerable change between customer groups:

- The first half of the FY 2015-16 included “catch up sales” following a furnace breakdown in May 2015. This “catch up” will not be repeated in FY 2016-17;
- The Company expects further growth from near OEM’s;
- The Company continues to expect growth in the retrofit market albeit at a lower rate than previously anticipated. The Company will sell retrofit kits that have already been engineered but has taken the decision to focus scarce engineering resource onto the “game changers” OEM’s, therefore no new kits will be introduced thereby restricting coverage of this, smaller, market;
- The Company currently sells into the race market via another company. We anticipate that sales will fall significantly with this customer in the forthcoming year; and
- Development revenues related to aerospace qualification/certification will reduce significantly until we begin series supply in early 2018.

Development costs are expected to continue at the current higher level but not increase against the FY 2015-16 levels.

The projected loss for the FY 2016-17 (the year the grants and loans in support of capital equipment are received) will increase by approximately £300k when compared with previous projections as whilst the Company will be recognising this as “other income”, it will be recognised in the income statement on a systematic basis over the expected useful life of the asset funded. There is no impact on cash, and the change in future years, by comparison with previous forecasts, is minimal.

Thereafter the Board is confident of delivering substantial sales growth and expects to make further announcements during the year. As noted above when the current capacity expansion programme is complete, in 2018, the Company will have capacity for 20,000 discs facilitating overall sales of approximately £17m. The prospects pipeline significantly exceeds this number and the current planning assumption is that the Company would need to further increase capacity in Q4 2019. There is a two year planning, furnace manufacturing and customer quality approval lead-time on capacity installation and therefore decisions may need to be taken at the end of the next calendar year. However no decisions will be taken without customer contractual commitments to fill the current capacity.

The Company's board and management is looking forward to the challenges and opportunities of the next few years with confidence and excitement.

David Bundred

Chairman

Kevin Johnson

Chief Executive

Statement of Total Comprehensive Income

For the year ended 31 May 2016

	2016	2015
	£'000	£'000
Revenue	**1,362**	1,066
Cost of sales	**(659)**	(521)
Gross profit	**703**	545
Administrative expenses:		
Before research and development costs	**(654)**	(666)
Research and development costs	**(1,254)**	(933)
Total administrative expenses	**(1,908)**	(1,599)
Other operating income	**84**	114
Operating loss	**(1,121)**	(940)
Financial income	**2**	-
Financial expenses	**(35)**	(42)
Loss before tax	**(1,154)**	(982)
Taxation	**306**	217
Loss for the year after tax	**(848)**	(765)
Other comprehensive income	-	-
Total comprehensive loss for the year attributable to members	**(848)**	(765)
Loss per ordinary share		
Basic and diluted	**(1.44p)**	(1.65p)

Statement of Financial Position

at 31 May 2016

	2016	2016	2015	2015
	£'000	**£'000**	£'000	£'000
Non-current assets				
Property, plant and equipment		**627**		483
Current assets				
Inventories	**570**		317	
Trade and other receivables	**939**		367	
Cash and cash equivalents	**4,777**		829	
		6,286		1,513
Total assets		**6,913**		1,996
Current liabilities				
Other interest bearing loans and borrowings	**(4)**		(9)	
Trade and other payables	**(936)**		(379)	
	(940)		(388)	
Non-current liabilities				
Other interest bearing loans and borrowings	**(16)**		(409)	
Total liabilities		**(956)**		(797)
Net assets		**5,957**		1,199
Equity				
Share capital		**901**		532
Share premium		**14,359**		9,186
Capital reserve		**464**		464
Retained loss		**(9,767)**		(8,983)
Total equity attributable to equity shareholders of the Company		**5,957**		1,199

Statement of Changes in Equity

For the year to 31 May 2016

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Retained loss £'000	Total £'000
Balance at 31 May 2014	423	7,995	464	(8,242)	640
Comprehensive income for the year					
Loss for the year	-	-	-	(765)	(765)
Total comprehensive income for the year	-	-	-	(765)	(765)
Transactions with owners, recorded directly to equity					
Shares issued in the year	109	1,308	-	-	1,417
Cost of issue written off to share premium	-	(117)	-	-	(117)
Equity settled share based payment transactions	-	-	-	24	24
Total contributions by and distributions to the owners	109	1,191	-	24	1,324
Balance at 31 May 2015	532	9,186	464	(8,983)	1,199

For the year to 31 May 2016

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Retained loss £'000	Total £'000
Balance at 31 May 2015	532	9,186	464	(8,983)	1,199
Comprehensive income for the year					
Loss for the year	-	-	-	(848)	(848)
Total comprehensive income for the year	-	-	-	(848)	(848)
Transactions with owners, recorded directly to equity					
Shares issued in the year	369	5,531	-	-	5,900
Cost of issue written off to share premium	-	(358)	-	-	(358)
Equity settled share based payments	-	-	-	64	64
Total contributions by and distributions to the owners	369	5,173	-	64	5,606
Balance at 31 May 2016	901	14,359	464	(9,767)	5,957

Statement of Cash Flows
for the year ended 31 May 2016

	2016	2015
	£'000	£'000
Cash flows from operating activities		
Loss after tax for the year	**(848)**	(765)
Adjusted for:		
Profit on disposal of property plant and equipment	**(16)**	-
Depreciation charge	**111**	115
Equity settled share-based payment expenses	**64**	24
Financial expense	**35**	42
Financial income	**(2)**	-
Taxation	**(306)**	(217)
	(962)	(801)
Changes in working capital		
(Increase) in inventories	**(253)**	(46)
(Increase)/decrease in trade and other receivables	**(572)**	87
Increase/(decrease) in trade and other payables	**572**	(16)
	(1,215)	(776)
Taxation received	**306**	217
Net cash used in operating activities	**(909)**	(559)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(265)**	(12)
Proceeds from disposal of property, plant and equipment	**26**	-
Net cash used in investing activities	**(239)**	(12)
Cash flows from financing activities		
Proceeds from issue of share capital, net of expenses	**5,142**	1,300
Payment of finance lease liabilities	**(11)**	(9)
Interest paid	**(35)**	(42)
Net cash generated from financing activities	**5,096**	1,249
Net increase in cash and cash equivalents	**3,948**	678
Cash and cash equivalents at the beginning of the period	**829**	151
Cash and cash equivalents at the end of the period	**4,777**	829

NOTES TO THE ACCOUNTS

1. **Basis of preparation and general information**

The financial information set out herein does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the year ended 31 May 2016 has been extracted from the Company's audited financial statements which were approved by the Board of Directors on 7 October 2016 and which, if adopted by the members at the Annual General Meeting, will be delivered to the Registrar of Companies for England and Wales.

The financial information for the year ended 31 May 2015 has been extracted from the Company's audited financial statements which were approved by the Board of Directors on 29 September 2015 and which have been delivered to the Registrar of Companies for England and Wales. The reports of the auditor on both these financial statements were 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.

The information included in this preliminary announcement has been prepared on a going concern basis under the historical cost convention, and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board ("IASB") that are effective or issued and early adopted as at the date of these financial statements and in accordance with the provisions of the Companies Act 2006.

The Company is a public limited company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The principal activity of the company is the development and manufacturer of carbon ceramic products for the brakes market. The registered office is Unit 4, Olympic Park, Poole Hall Road, Ellesmere Port, Cheshire CH66 1ST.

2. **Going concern**

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate. The Company incurred a net loss of £848k during the year however the Directors are satisfied, based on detailed cash flow projections and after the consideration of reasonable sensitivities, that sufficient cash is available to meet the Company's needs as they fall due for the foreseeable future and at least 12 months from the date of signing the accounts. The detailed cash flow assumptions are based on the company's annual budget, prepared and approved by the Board, which reflects a number of key assumptions including; revenue growth, underpinned by current pipeline; customer compliance with payment terms; other receipts of a value and timing consistent with previous years. Revenues are expected to continue in the forthcoming year.

Further information regarding the Company's business activities, together with the factors likely to affect future development, performance and position are set out in the Chairman's statement and the Strategic report.

The Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3. Segmental reporting

The Board has reviewed the requirements of IFRS 8 "Operating Segments", including consideration of what results and information the Chief Executive (the Chief Operating Decision Maker) reviews regularly to assess performance and allocate resources, and concluded that all revenue falls under a single business segment. The Directors consider the business does not have separate divisional segments as defined under IFRS 8. The Chief Executive assesses the commercial performance of the business based upon a single set of revenues, margins, operating costs and assets.

Revenue by geographical destination is analysed as follows:

	2016	2015
	£'000	£'000
United Kingdom	**199**	164
Rest of Europe	**835**	838
United States of America	**313**	51
Rest of World	**15**	13
	1,362	1,066

4. Loss per ordinary share

The calculation of basic loss per ordinary share is based on the loss for the financial year divided by the weighted average number of shares in issue during the year. Losses and number of shares used in the calculations of loss per ordinary share are set out below:

Basic

	2016	2015
Loss after tax (£)	**(848,724)**	(765,586)
Weighted average number of shares (No. of shares)	**58,944,086**	46,449,946
Loss per share (pence)	**(1.44p)**	(1.65p)

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon publication of this announcement, this information is now considered to be in the public domain.

Enquiries:

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For further Company details, visit www.surfacetransforms.com.