29th September 2014

Velocys plc
("Velocys" or "the Company")

Interim results for the period ended 30th June 2014

Velocys plc (VLS.L), the company at the forefront of smaller scale gas-to-liquids (GTL), is pleased to announce its interim results for the six months ended 30th June 2014.

Highlights

- Entered GTL joint venture with Waste Management, NRG Energy and Ventech;
  - Construction began in Oklahoma, US, on first commercial GTL plant using Velocys technology.
- Acquisition of Pinto Energy, one of North America's leading project developers of smaller scale GTL;
  - 2,800 bpd GTL plant in Ohio, US, targeting final investment decision in first half of 2015.
- Sale of 175 bpd reactor to a CIS customer.
- Cemented manufacturing partnership with Shiloh Industries; strategic investment in Velocys.
- Post period end, UK High Court ruled in favour of Velocys in its IP enforcement case;
  - Hearing on remedies and damages to Velocys scheduled for 2 October 2014.
- Revenue of £1.0 million (H1 2013: £1.7 million).
- Cash* at period end of £18.3 million (31 December 2013: £26.4 million).
- Post period end, £52 million raised via a placing at 225p per share;
  - Significantly oversubscribed and priced at a slight premium to the market price.

Roy Lipski, CEO of Velocys, said:

"2014 is shaping up to be the best year yet in the history of Velocys. With the first commercial GTL plant using the Company's technology under construction, Velocys has firmly established itself as global leader in smaller scale GTL. Market conditions remain favourable and the pipeline of opportunities is healthy. The £52 million recently raised will provide a firm base for commercial roll-out and underscores the market's strong confidence in Velocys."

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

For further information, please contact:

Velocys

Roy Lipski, CEO	+1 713 275 5840
Susan Robertson, CFO	+44 1235 841 700
Camarco (financial communications)	+44 20 3757 4983
Billy Clegg / Georgia Mann	
Numis Securities (Nomad and Broker)	+44 20 7260 1000
Alex Ham / Stuart Skinner	

Notes to editors

Velocys enables modular gas-to-liquids (GTL) plants to convert unconventional, remote and problem gas into valuable liquid fuels. Systems based on the Company's technology are significantly smaller than those using conventional technology, enabling modular plants that can be deployed cost effectively in remote locations and on smaller fields than is possible with competing systems. Together with world-class partners, Velocys provides complete modular GTL solutions that address an untapped market of up to 25 million barrels of fuel a day.

Velocys plc is listed on the AIM market of the London Stock Exchange (LSE: VLS). The Company has over 100 employees with facilities in Houston, Texas, USA, near Oxford, UK and Columbus, Ohio, USA.

www.velocys.com

CHAIRMAN'S STATEMENT
Pierre Jungels, CBE

In the previous financial statement, I observed that we are at a remarkable time in the history of the fuels industry. We are also at an extraordinary stage in the development of Velocys; the Company has secured its first commercial project, establishing Velocys as a clear global leader in smaller scale GTL. The singular vision that has driven its unique and talented staff – scientists, engineers and business people – is now becoming a reality.

The world is entering a new age where abundant gas becomes the dominant source of hydrocarbons. This shift in energy supply creates opportunities for distributed liquid fuels production enabled by the Velocys technology. Such new opportunities for gas monetisation are vast, including shale gas in North America, stranded gas in many parts of the world, and associated gas that is currently flared to enable oil production. Distributed production is also a good match for renewable resources such as landfill gas, municipal waste and biomass.

It is hard to bring a new process technology to market. Velocys has successfully worked through the steps of developing the technology, demonstrating its robustness, securing the supply chain, and forming a world class team to deliver to its customers.

During the first part of 2014, Velocys entered a joint venture (JV) with Waste Management, NRG and Ventech to develop a series of GTL plants, based on a combination of landfill gas and natural gas. After period end, the JV made the final decision to proceed on its first commercial plant in Oklahoma, US – a momentous achievement for the Company, since securing the first adopter is the most critical hurdle for a technology company.

Velocys continues to strengthen its capabilities and partnerships. In March 2014, we cemented our relationship with Shiloh Industries, Inc. (Shiloh), who manufacture our reactor cores, through a deal that included a $2 million investment in Velocys. In June 2014, Velocys acquired Pinto Energy, LLC, a leading GTL project developer that is advancing a 2,800 barrel per day (bpd) GTL plant in the US. This acquisition will enable Velocys to further stimulate market adoption of its technology by accelerating the development of smaller scale GTL projects in North America.

Reflecting the Company's transition to commercial roll-out, total revenues for the period were £1.0 million (H1 2013: £1.7 million). Cash* at 30 June 2014 stood at £18.3 million (31 December 2013: £26.4 million), while cash outflow** was £9.3 million (H1 2013: £7.0 million).

Following period end, Velocys raised £52 million (before expenses) through a significantly oversubscribed placing, at a price of 225p per share, representing a slight premium to the market price. This fund raise is a substantial vote of confidence from the market and provides strong support to Velocys as it enters a new phase of accelerated growth.

Outlook

Velocys has got off to a strong start in 2014, achieving the significant milestone of a first commercial plant going into construction. We continue to see favourable market conditions, a healthy pipeline of opportunities, substantial support from investors, and increased recognition of the importance of the smaller scale GTL market and our leading role in it. I look forward with excitement to seeing this momentum continue, and to the reality of current projects coming into commercial operation.

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

CHIEF EXECUTIVE'S REPORT
Roy Lipski

Introduction
2014 is promising to be an historic year for Velocys. Our global leadership position in smaller scale GTL is firmly established as this market begins to take off. A major highlight to date has been the decision to proceed with construction of the East Oak GTL plant, which represents an enormous milestone for both Velocys and the GTL industry as a whole. Moreover, the acquisition of Pinto Energy enhances our ability to proactively drive the development of future GTL projects. With the recent addition of £52 million of new capital, Velocys is well positioned to deliver on its unique vision of bringing smaller scale GTL to the mainstream of the oil and gas industry.

Market conditions
Long-term conditions for smaller scale GTL remain favourable, particularly in North America where we anticipate the majority of early plants to be built, as investors and businesses seek ways to benefit from the arbitrage between low gas prices and high value refined products. There is also strong interest from Russia and former CIS countries surrounding stranded and flare gas opportunities. Sanctions on Russia have not impacted our activities in any significant way, although we continue to monitor the situation closely.

Commercialisation
Joint venture and first commercial plant

In March 2014, Velocys announced that it had entered into an exclusive joint venture with Waste Management, NRG and Ventech to develop GTL plants using a combination of renewable biogas (including landfill gas) and natural gas.

Velocys is delighted to have the opportunity to work closely with established players in the gas and energy markets. Waste Management is the largest environmental solutions provider in North America, NRG owns the largest and most diverse competitive power generation portfolio in the United States; both are Fortune 500 companies. Ventech is a global leader in the design and construction of modular refineries. Whilst large scale GTL plants have been operational for years, this is the first time that major companies have committed to smaller scale GTL.

In July 2014, the JV announced that the final investment decision (FID) had been made to proceed with the construction of a commercial GTL plant using Velocys technology. The Board considers this a particularly important milestone, as it gives significant comfort to a number of other potential early adopters currently in discussion with the Company.

The plant, which is designed to be profitable on a standalone basis, will be located at Waste Management's East Oak landfill site in Oklahoma, USA. It will provide a commercial reference site for the Velocys technology and will deploy a number of the Company's full scale FT reactors.

Purchase of major equipment has begun, with construction and commissioning expected to be completed, and the plant ready to commence full commercial operation in the second quarter of 2016. The JV has entered into all major contracts needed for the project, including technology license, supply and service agreements with Velocys (at market rates).

As a minority interest holder in the JV, the Company's investment in the East Oak plant is limited to some $5 million, drawn down over the course of construction. This amount excludes revenues due to Velocys for the supply of technology and services.

Velocys Project Solutions

On 25 June 2014, Velocys announced the acquisition of Pinto Energy (renamed Velocys Project Solutions), one of the leading project developers of smaller scale GTL in North America.

The acquisition of Pinto Energy enables Velocys to further stimulate early market adoption of its technology, and provides complementary skills and business synergies from which to improve both the breadth and quality of the Company's services to customers, while deepening its ties with suppliers, partners, investors and customers across the entire GTL value chain.

Velocys Project Solutions is developing an approximately 2,800 bpd plant at an 80 acre industrial site that it owns near the Port of Ashtabula, Ohio, USA. The project will have access to abundant low-cost natural gas from the Marcellus shale region, as well as benefitting from substantial existing infrastructure. Upfront engineering for the facility is complete and permits have been received. Final investment decision is expected in the first half of 2015. This project is the first from a portfolio of opportunities that Velocys Project Solutions plans to develop, and is intended as the first phase of a multi-train facility at Ashtabula, which could see capacity at the site expanded to 10,000 bpd or more.

Other prospects

Velocys believes that the development of a first commercial plant in Oklahoma will have a positive impact on its sales pipeline. Engineering studies, which form the first stage of plant development, are progressing with a number of customers, and in many cases concern the first of several potential sites.

During the period, front-end engineering design (FEED) was completed for a 1,100 bpd commercial biomass-to-liquids (BTL) plant being developed in Oregon, USA, by one of the Company's customers, Red Rock Biofuels, a subsidiary of IR1 Group LLC, an experienced biofuels project developer. In September 2014, it was announced that Red Rock Biofuels was successful in its application for a $70 million US government grant to be used toward construction of the plant. Red Rock Biofuels is targeting final investment decision on the project within six months.

During the period, another of the Company's clients, GreenSky London, a project being developed by Solena Fuels in partnership with British Airways, announced that a site had been selected for the proposed plant, at Thames Enterprise Park, part of the site of the former Coryton oil refinery in Thurrock, Essex, UK. Initial engineering design has been completed, and through project finance adviser Barclays, preliminary agreements are in place for debt funding with an export credit agency. GreenSky London plans to convert 575,000 tonnes per annum of post-recycled waste, normally destined for landfill or incineration, into 120,000 tonnes of clean burning liquid fuels. British Airways has committed to purchasing all 50,000 tonnes per year of the jet fuel produced on a long-term basis.

Also during the period, Velocys signed a contract to supply a full-scale commercial reactor to a customer in the CIS region. A process design package has been produced for this project, with the reactor being delivered and deployment at the site expected to commence during 2015.

Pilot plant and training facility

The Company's own GTL pilot plant and training facility, located at its Ohio site, has successfully demonstrated the superior performance of the Velocys technology, including over 1,000 hours of operation at the design conditions of the East Oak GTL plant. In addition to serving as a test facility for enhancements to the Velocys reactor and catalyst technologies, the plant is a showcase for the Company's offering, can provide samples of liquid products for potential customers, and serves as a training facility for plant operators.

Manufacturing and supply capability

Velocys has continued to implement its strategy of working with world-class partners from various industries to establish a high-quality, cost-effective reactor and catalyst supply chain that can scale rapidly to meet customer demand.

In the first quarter of the year, Velocys announced that it had entered into a partnership agreement with Shiloh whereby the two companies agreed to preferentially work together to continually improve the Company's FT reactor manufacturing, and, over time, to enhance the effectiveness of the whole GTL plant, as well as explore other opportunities in the oil and gas market. In addition, Shiloh subscribed for shares in Velocys totalling $2 million, at £2.00 per share (a 32% premium to the then market price), and committed to investing in manufacturing resources for Velocys and making available to the partnership a dedicated team of engineers.

Velocys continues its strong relationship with Ventech, who placed an order during 2013 for reactors with total capacity of 1,400 bpd. It is expected that the first of these reactors will be produced during the second half of 2014. The commitment of Ventech has been further underlined during the period by its participation in the JV that recently announced construction of a commercial GTL plant located at Waste Management's East Oak landfill site in Oklahoma, US.

Intellectual property

The Company has continued to grow and protect its intellectual property (IP) portfolio, which now includes 903 patents granted and pending, and an even larger number of invention records. During the period, the Company filed one new patent application, while 32 patents were granted in jurisdictions including the US, Australia, Brazil, Canada, China, Japan, and various European countries.

Where it sees infringement of its IP, the Company has taken action to protect its shareholders' interests and defend its competitive advantage. In March 2013, Velocys filed a case against CompactGTL Ltd. in the UK alleging infringement of two of its patents. This case was temporarily suspended in January 2014 due to CompactGTL entering administration, but subsequently resumed and was heard in the UK courts in July 2014. On 22 September 2014, the UK High Court ruled in favour of Velocys; the judgment upheld the validity of the two patents in suit and found CompactGTL to be infringing both patents – six patent claims in total.

A judgement hearing has been set for 2 October 2014 to deal with issues arising out of this decision, including relief from infringement, damages to Velocys, and reimbursement of Velocys' legal costs.

Resources

Velocys has continued to recruit key staff in the first half of the year, which included bringing plant operations expertise in-house. Around three quarters of the Company's staff are now located in the United States, with the remainder in the UK.

The Company's Houston office, which was opened in 2013, is now fully staffed. Primarily housing business development and process engineering teams, this commercial base located at the heart of the world's oil and gas market is already proving a valuable asset.

Financials
The Velocys financials reflect a snapshot of a company moving from development to commercialisation. Whereas in previous periods there were some development or technical milestone payments, as expected revenues for the period consisted primarily of engineering study receipts and a reactor sale. The timing of signing the supply agreements to the East Oak GTL project, just after period end, meant that licence revenues for this project can only be recognised in the second half of this year.

Total revenues for the period were £1.0 million (H1 2013: £1.7 million). Cash* at period end stood at £18.3 million (31 December 2013: £26.4 million), while cash outflow** was £9.3 million (H1 2013: £7.0 million).

Following period end, Velocys raised £52 million (before expenses) through the placing of 23,111,111 ordinary shares (representing 16 per cent. of the enlarged issued share capital of the Company), at a placing price of 225p per share. Proceeds of the placing will be used to build upon the Company's recent successes and help to further accelerate adoption of Velocys technology following announcement of its first commercial project, by: strengthening the Company's balance sheet to support sales (including technology guarantees); helping support the development of selected projects to funding readiness; and funding the general working capital requirements of the business. The placing is conditional (amongst other things) upon the passing by shareholders of certain resolutions at a general meeting to be convened on 17 October 2014.

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

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Note	**6 months ended 30 June 2014 (unaudited)** £'000	6 months ended 30 June 2013 (unaudited) £'000	Year ended 31 December 2013 (audited) £'000
Revenue	3	958	1,731	4,753
Cost of sales		(459)	(1,204)	(3,300)
Gross profit		499	527	1,453
Unfunded research and development costs		(5,637)	(4,741)	(10,477)
Share-based payments		(842)	(677)	(2,782)
Other administrative expenses		(4,341)	(3,020)	(6,339)
Total administrative expenses		(10,820)	(8,438)	(19,598)
Operating loss		(10,321)	(7,911)	(18,145)
Finance income	4	77	631	419
Finance costs	5	(318)	(42)	(364)
Other income		14	50	58
Finance income (costs), net		(227)	639	113
Income tax credit		416	187	1,111
Loss for the period attributable to equity holders of the Company		(10,132)	(7,085)	(16,921)
Loss per share attributable to equity holders of the Company				
Basic and diluted (pence)	6	(8.67)	(6.13)	(14.60)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Note	**6 months ended 30 June 2014 (unaudited) £'000**	6 months ended 30 June 2013 (unaudited) £'000	Year ended 31 December 2013 (audited) £'000
Loss for the period		(10,132)	(7,085)	(16,921)
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss when specific conditions are met				
Foreign currency translation differences	7	(567)	1,602	(269)
Total comprehensive expense for the period		(10,699)	(5,483)	(17,190)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	**30 June 2014 (unaudited)** £'000	30 June 2013 (unaudited) £'000	31 December 2013 (audited) £'000
Non-current assets				
Intangible assets	8	26,875	26,922	24,971
Property, plant and equipment		3,039	2,045	2,084
		29,914	28,967	27,055
Current assets				
Trade and other receivables		1,049	1,139	1,112
Current income tax asset		1,265	825	1,750
Inventory		259	349	263
Short term investments – funds held on long-term deposit		3,610	16,375	11,875
Cash and cash equivalents		14,692	15,395	14,475
		20,875	34,083	29,475
Total assets		50,789	63,050	56,530
Current liabilities				
Trade and other payables		(7,612)	(3,216)	(6,284)
Borrowings		(100)	(75)	(104)
		(7,712)	(3,291)	(6,388)
Non-current liabilities				
Trade and other payables		(233)	(280)	(232)
Borrowings		(1,104)	(1,218)	(1,192)
Total liabilities		(9,049)	(4,789)	(7,812)
Net assets		41,740	58,261	48,718
Capital and reserves attributable to owners of the Company				
Called up share capital	9	1,178	1,162	1,164
Share premium account	9	98,659	95,736	95,793
Merger reserve	9	369	369	369
Share-based payment reserve	9	10,654	7,708	9,813
Accumulated losses	9	(69,120)	(46,714)	(58,421)
Total equity		41,740	58,261	48,718

The financial statements were approved by the Board of Directors on 29th September 2014, and were signed on its behalf by:

Susan Robertson
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	6 months ended 30 June 2014 (unaudited) £'000	6 months ended 30 June 2013 (unaudited) £'000	Year ended 31 December 2013 (audited) £'000
Cash flows from operating activities			
Operating loss before taxation	(10,321)	(7,911)	(18,145)
Depreciation and amortisation	449	407	878
Share-based payments	842	677	2,782
Changes in working capital (excluding the effects of exchange differences on consolidation)			
-Trade and other receivables	(200)	664	702
-Trade and other payables	(383)	(750)	2,594
-Inventory	(6)	5	62
Tax credit received	900	-	-
Income tax paid	-	(38)	(39)
Other	4	-	6
Net cash used in operating activities	(8,715)	(6,946)	(11,160)
Cash flows from investing activities			
Purchases of property, plant and equipment	(419)	(415)	(971)
Purchases of intangible fixed assets	(209)	(230)	(418)
Interest received	321	107	197
Interest paid	(19)	(16)	(38)
Sale of assets	10	44	52
(Increase) decrease in cash placed on deposit and restricted access escrow account	8,265	(16,375)	(11,875)
Net cash from (used in) investing activities	7,949	(16,885)	(13,053)
Cash flows from financing activities			
Proceeds of issuance of ordinary shares	1,225	29,322	29,381
Increase in borrowing	(52)	(38)	(70)
Net cash from financing activities	1,173	29,284	29,451
Net increase in cash and cash equivalents	407	5,453	5,238
Cash and cash equivalents at the beginning of the period	14,475	9,451	9,451
Exchange gains/(losses) on cash and cash equivalents	(190)	491	(214)
Cash and cash equivalents at the end of the period	14,692	15,395	14,475

NOTES TO THE ACCOUNTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards (collectively IFRS) as adopted by the EU including those applicable to accounting periods ending 31 December 2014 and the accounting policies set out in Velocys plc's Annual Report for the year ended 31 December 2013. These unaudited interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". They do not include all the statements required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at 31 December 2013.

2. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information for the six month periods ended 30 June 2014 and 30 June 2013 has not been audited or reviewed and does not constitute full financial statements within the meaning of Section 240 of the Companies Act 1985.

The financial information relating to the year ended 31 December 2013 does not constitute a full financial statement within the meaning of Section 240 of the Companies Act 1985. This information is based on the Company's statutory accounts for that period. The statutory accounts were prepared in accordance with IFRS, received an unqualified audit report, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 237(2) or (3) of the Companies Act 1985. These accounts have been filed with the Registrar of Companies.

3. SEGMENTAL INFORMATION

Business segments
At 30 June 2014 the Company is organised as a world-wide business comprising a single segment.

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

	6 months ended 30 June 2014 (unaudited)			6 months ended 30 June 2013 (unaudited)		
	Europe £'000	Americas £'000	Asia Pacific £'000	Europe £'000	Americas £'000	Asia Pacific £'000
Revenue	162	504	292	9	663	1,059

4. FINANCE INCOME

	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (unaudited)	Year ended 31 December 2013 (audited)
	£'000	£'000	£'000
Interest income on bank deposits	77	221	419
Foreign exchange gains	-	410	-
	77	631	419

Finance income for the period includes £77,000 (H1 2013: £221,000) of interest income arising from cash balances held by the Company. No finance income arises from foreign exchange gains on forward contracts held to hedge future dollar costs (H1 2013: £275,000), nor does any finance income arise from foreign exchange gains on dollar cash balances (H1 2013: £135,000).

5. FINANCE COSTS

	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (unaudited)	Year ended 31 December 2013 (audited)
	£'000	£'000	£'000
Unwinding of discount on deferred license payments payable	10	10	20
Interest on finance leases	6	2	11
Interest on borrowings	13	14	27
Foreign exchange losses	289	16	306
	318	42	364

6. EARNINGS PER SHARE

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

	6 months ended 30 June 2014 (unaudited)			6 months ended 30 June 2013 (unaudited)			Year ended 31 December 2013 (audited)		
	Loss	Number of shares	Pence per share	Loss	Number of shares	Pence per share	Loss	Number of shares	Pence per share
	£'000	'000		£'000	'000		£'000	'000	
Basic & fully diluted	(10,132)	116,817	(8.67)	(7,085)	115,513	(6.13)	(16,921)	115,930	(14.60)

7. FOREIGN CURRENCY TRANSLATION

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

8. INTANGIBLE ASSETS

The value of intangible assets increased during the period primarily due to the acquisition of a subsidiary. £2,569,000 is attributed to the value of intangible assets resulting from the acquisition (see note 10).

9. RECONCILIATION OF MOVEMENT IN TOTAL EQUITY

	Called up share capital	Share premium account	Merger reserve	Share-based payments reserve	Accumulated Losses	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2014	1,164	95,793	369	9,813	(58,421)	48,718
Loss for the period	-	-	-	-	(10,132)	(10,132)
Share-based payments – value of employee services	-	-	-	841	-	841
Proceeds from share issues	14	2,866	-	-	-	2,880
Foreign currency translation differences	-	-	-	-	(567)	(567)
At 30 June 2014	1,178	98,659	369	10,654	(69,120)	41,740

On 11 March 2014, the Company announced the achievement of a new milestone in its relationship with Shiloh Industries, Inc (Shiloh). Shiloh purchased 601,326 new ordinary shares at a price of 200p per share. Shiloh is one of North America's leadings suppliers of engineered metal products and light weighting solutions to the automotive industry.

On 25 June 2014, the Company acquired 100% of a development company subsequently rebranded Velocys Project Solutions. The Company issued 754,887 shares at a price of 219p per share for the initial consideration.

10. ACQUISITION OF A SUBSIDIARY

On 25 June 2014, the Company announced the acquisition of a projects development company subsequently rebranded Velocys Project Solutions (VPS), along with its Ashtabula GTL project and pipeline of other opportunities. VPS is one the of the leading project developers of smaller scale GTL in North America. Through its most advanced project to date, VPS is developing a facility for a GTL plant to produce approximately 2,800 bpd on an 80 acre industrial site that it owns near the Port of Ashtabula, Ohio, USA. Final investment decision is expected during the first half of 2015. Future expansions could see installed capacity upwards of 10,000 bpd at the site. In addition to Ashtabula, VPS has a pipeline of smaller scale GTL projects it is seeking to develop throughout North America.

As the initial accounting is not yet complete, the fair values of the assets acquired and liablilities assumed are provisional and are summarised below:

	Fair value
	£'000
Land	940
Other intangible assets	1,344
Total identifiable net assets	2,284
Goodwill arising on acquisition	1,225
Total purchase consideration	3,509

The total purchase consideration of £3,509,000 comprised an upfront amount of £1,655,000 through the issue of 754,887 shares in Velocys plc and deferred consideration of £1,854,000 that will also be settled by the issue of shares in Velocys plc. The deferred consideration has been included in the Trade and other payables on the statement of financial position and comprises 41,644 shares that are to be issued in the second half of 2014, while the remainder is contingent on the achievement of final investment decision on the plant in Ashtabula.

11. POST- FINANCIAL POSITION EVENTS

On 29 July 2014, the Company announced that the Final Investment Decision had been made to proceed with the construction of a commercial GTL plant using the Company's technology. The project is being funded by the joint venture the Company entered into with Waste Management, NRG and Ventech in the first half of 2014 to develop a series of GTL plants.

On 29 September 2014, the Board announced that it has raised, subject to certain conditions, approximately £52 million (before expenses) by way of a placing of 23,111,111 new ordinary shares at a placing price of 225 pence per share. The placing is conditional (amongst other things) upon the passing by shareholders of certain resolutions in order to ensure that the Directors have the necessary authorities and powers to allot the placing shares for cash on a non-pre-emptive basis.