Aukett Swanke Group Plc
("Aukett Swanke", the "Company", or, together with its subsidiaries, the "Group")
Interim results
For the six months ended 31 March 2023

Aukett Swanke (AIM: AUK), the group providing Smart Buildings, Architectural and Design Services, is pleased to announce its interim results for the six-month period ended 31 March 2023.

Highlights

- Revenue from continuing operations increases to £4.56m (2022: £4.53m)
- Revenue less sub consultant costs increases to £4.40m (2022: £3.38m)
- United Kingdom increases profit before group costs to £130k (2022: £40k)
- Continental Europe increases profit before group costs to £257k (2022: £123k)
- Loss for the period £0.48m, impacted by one-off Torpedo Factory Group ("TFG") acquisition costs
- Improving markets & strengthening order book
- Ranked 48th largest firm by number of UK architects (up from 70th) in the AJ100
- Acquisition of TFG just before period end to expand Smart Buildings strategy and broaden asset base and revenue streams
- Appointment, today, of Freddie Jenner to the board as Chief Operating Officer

Commenting, Chief Executive Nick Clark said, "I am thrilled to have been appointed as Chief Executive, and excited by our mission creating a UK-listed Smart Buildings group. Against a backdrop of improving trading performance, I look forward to reporting on our progress in the coming months."

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An electronic version of the Interim Report will be available on the Group's website (www.aukettswankeplc.com).

Chairman's Statement

Introduction
I am pleased to present the interim results for the six months ended 31 March 2023.

At the end of the reporting period, we acquired Torpedo Factory Group ("TFG"), and welcomed Nick Clark as Chief Executive. Further below he introduces the TFG businesses and describes in more detail the concept of Smart Buildings, and how this is being incorporated into the Group's strategy.

The evolution of architecture
We acquired TFG in March 2023, principally as a means of embracing the increasing use of technology in the design, construction and management of buildings. We believe we are one of the first in our profession to make such a move and look forward to developing a leading presence in the Smart Buildings space, while continuing to develop our long established architecture businesses.

The TFG acquisition also gave us access to further funding and has allowed us to transition key senior management positions to the next generation, bringing the Board more into line with our staff and clients generally.

Restructuring the architecture business completed
Restructuring work to improve the core profitability of our traditional architecture businesses is now complete. The UAE business has been sold and the international offices, other than those in Germany, have either been closed or are moving onto a licence basis with local management being responsible for profitability.

Our core architecture businesses now comprise our design and executive architecture businesses in the UK and our direct investments in the Berlin and Frankfurt practices.

As set out in greater detail in the report from the Chief Executive, we have experienced growth in each of the core architecture markets necessitating the recruitment of 13 full time equivalent additional architects in our UK operations since the beginning of the financial year, which places the Group 48th largest by number of UK employed architects, based on AJ100 compiled by Architects' Journal. This is a rise from 70th place last year.

Smart Buildings
The Group's approach to Smart Buildings is set out in detail in the accompanying Chief Executive's report.

Board update
During the period under review and subsequently we have welcomed a number of new members to the Board to help deliver the growth we seek in both the traditional architecture and the new Smart Buildings businesses.

Nick Clark – Chief Executive
Nick, who was the founder and Chief Executive of TFG, became Group Chief Executive on completion of the deal in April 2023. At the same time, Robert Fry, who had acted as interim chief executive from December 2022 to April 2023, became Deputy Chairman on a part time basis, with principal responsibility for the Group's international offices and the expansion of the architecture businesses.

Freddie Jenner – Chief Operating Officer
Freddie has today been appointed to the Board as Chief Operating Officer. Freddie was previously Chief Financial Officer at TFG, which he joined in 2007. Further details on his appointment are being separately announced today.

Tandeep Minhas – Non-executive director
Tandeep Minhas, a leading corporate lawyer and head of the London corporate finance department at international lawyers Taylor Wessing LLP, joined the Board as a non-executive director on 24 April 2023.

Further details of your full Board can be found at https://aukettswankeplc.com/people/.

Long term incentives
To attract and retain the team required to deliver success we plan to introduce a new long term incentive package. This will seek to better align the interests of shareholders generally and those individuals on whose efforts the Group's future depends. A further announcement in this regard will be made in due course.

Outlook
With the team in place and the strategy honed we look forward to reporting continued progress in both our existing and acquired businesses.

Clive Carver
Chairman
26 June 2023

Chief Executive's report

Introduction

I am delighted to have been appointed as your new Chief Executive, and excited about the opportunities ahead of us.

Following the acquisition of TFG, our mission is to develop our award-winning architecture businesses and become a leading force in the provision of Smart building systems, which we firmly believe to be a major growth area using technology to enhance the experience of buildings owners and users.

Architects are the trusted advisors who are best placed to convince an inherently conservative property industry that change is not only desirable, but essential. Our Group is therefore well-positioned to exploit the opportunities in this transformative industry.

Architecture

Through architecture, we forge a profound connection between people and their surroundings. It evokes a sense of place and fosters a sense of belonging. It pushes boundaries, challenging us to envision a better future and to explore new possibilities for a more sustainable way of living.

Architecture also brings change with a spirit of optimism and renewal, which is at the heart of what the Group needs to deliver.

Aukett Swanke Limited – UK architecture and interior design

Employed an average 35 full time equivalent ("FTE") technical staff in the 6 month period, with revenue of £1.89 million (£1.81 million, net of sub consultant costs).

Aukett Swanke Limited is the Group's award-winning full design service architecture business, which can trace its roots back over a century, and offers leading design services across a wide range of sectors.

I am pleased to report progress with new contract wins during the period for a major masterplanning project with Network Rail and a residential project for Ardmore at 8 Eaton Lane in London.

Completions in the period include the St. Andrew's House apartments for Anglo American De Beers, and new starts include the refurbishment of The Underwriting Room in the iconic Lloyd's of London building.

Veretec – UK executive architecture

Employed an average 44 FTE technical staff in the 6 month period, with revenue of £2.30 million (£2.28 million, net of sub consultant costs).

Veretec is our executive architecture business, which uses the division's technical and delivery skills to translate the designs of others into high quality buildings.

This business also made strong progress in the period under review completing several projects and winning others requiring a significant increase in staffing.

Following the period end, continued recruitment required to service new and existing contracts increased FTE technical staff to 57 in May 2023.

New projects commenced in the period include the Town Hall and extension of the West King Street Renewal project master planned by Rogers Stirk & Harbour and the Nine Elms School with the IBI Group for Morgan Sindall.

Completions have included the n2Nova commercial office building designed by Patrick Lynch Architects for Landsec and executed by Mace.

German investments

The Group owns a 25% investment in the Berlin practice Aukett + Heese GmbH, employing an average 106 FTE technical staff in the 6 month period, with revenue of £8.62 million (£5.5 million, net of sub consultant costs). The studio offers a full range of architectural design services and holds a leading position in the regional market it serves.

The Group also owns a 50% investment in the Frankfurt practice Aukett + Heese Frankfurt GmbH employing an average 10 FTE technical staff in the 6 month period, with revenue of £0.77 million (£0.46 million, net of sub consultant costs). The studio is renowned for its architecture and interior design expertise in the financial, corporate and high-rise building sectors in the local market.

The revenues of these investments are not consolidated in the Group's revenues as we do not own a majority of either business.

Completions in Berlin included the opening of the Deutsche Bahn restaurant in the Sony Center, renamed the Potsdamer Platz Center, and the commencement ceremony to break ground for the 42,000 sqm Siemensstadt Square project comprising two buildings, one high-rise, and 20,000 sqm of open space with public amenities.

Torpedo Factory Group

As set out in more detail in the financial commentary below, the results from the TFG audio visual businesses are only included in these financial statements for the final 10 trading days in March 2023. However, to give shareholders a better understanding of the what the Group now enlarged by the TFG acquisition offers we include the following information, which is based on a full 6 month period to 31 March 2023.

Meeting Environments

Employed an average 29 FTE staff in the 6 month period, with revenue of £1.93 million.

TFG's Meeting Environments business has been renamed Intelligent Environments to reflect our broader work beyond meeting spaces as we reposition the business as a Master Systems Integrator looking at workplace technologies more broadly.

Stage Technology

Employed an average 23 FTE staff in the 6 month period, with revenue of £1.38 million.

The Stage Technology business has an extensive client base in the UK's leading theatres, universities, and schools in the private and state sectors. The current year is dominated by the delivery of a major project, a landmark new venue in Manchester, which is due to complete by the end of June.

Live Events
Employed an average 10 FTE staff in the 6 month period, with revenue of £0.55 million.

The Live Events business did not form part of the Group's Smart Buildings plans and was sold with effect from 31 March 2023.

Smart Buildings

Why Smart Buildings
Smart Buildings enhance efficiency, sustainability, and occupant experience.

Smart Buildings integrate advanced technologies, data analytics, and automation to create vibrant ecosystems. They optimise energy consumption, streamline operations, and personalise experiences for occupants. By leveraging the Internet of Things (IoT) and artificial intelligence (AI), Smart Buildings offer real-time monitoring, energy savings, improved comfort, proactive maintenance, and cost reduction.

In contrast to a traditional architecture business, which has high fixed costs and where once the project is completed there is no further income, under a Smart Buildings business model, revenues are generated monthly throughout the lifetime of a building. Technology is used to its utmost; rapid growth is achievable without the often time consuming and expensive recruitment of additional staff; and short term fluctuations in economic activity do not dictate customer buying decisions.

Market drivers
Regulation is likely to be a key driver in the growth of Smart Buildings.

For example, since April 2023, almost all commercial buildings in the UK are required to have an Energy Performance Certificate (EPC) rating of E or better. Without such a rating they cannot be rented to tenants. From 2027, this requirement rises to C, and by 2030, a rating of B or better will be needed. Knight Frank recently estimated that 70% of the UK's commercial building stock fails to comply with EPC B and landlords of such properties will need to invest in upgrading their buildings.

Our Smart Buildings strategy
Our plan is to become a leading provider of Smart Building services. Breaking this down we need to become:

- Smart Building Systems Designers
- Smart Building Systems Integrators
- Smart Building Systems Operators

We intend to grow at pace; only a buy and build strategy can deliver the speed of change that we intend to deliver.

Smart Building Systems Designers
I am pleased to report we have already made our first appointment in this new division and expect to make further progress before the end of the current financial year.

Smart Building Systems Operators & Smart Building Systems Integrators
We are actively considering specific acquisition opportunities in the sector and we look forward to updating shareholders on these and other potential acquisitions in due course.

Group Financial results

Basis of preparation

These interim statements, which cover the six months ended 31 March 2023, are unaudited and include the full six months trading of the Aukett Swanke Group architecture businesses and the final 10 trading days of the period from TFG.

The balance sheet as at 31 March 2023 includes both the Aukett Swanke Group architecture businesses and the TFG businesses.

Overall assessment

While the performance across the architecture businesses as set out below is improving as the result of new contract wins and the restructuring of the Group in previous periods, we are still a long way from the level of profitability required to justify a meaningful Group valuation.

This demonstrates why the previous Aukett Swanke Group board recognised that a new approach is needed.

Revenue

We consider revenue after subconsultant costs to be the most relevant performance indicator in assessing the progress of the Group's architecture businesses.

In the six months under review, revenue after subconsultants costs grew by approximately 30% to approximately £4.40 million, reflecting a general increase in activity.

Operating costs

To be able to service this increased activity and in preparation for work won but yet to start, personnel costs increased by approximately 29% to approximately £3.78 million, with the addition of 13 FTE fee earning technical staff in the UK operations during the 6 month period, and the average FTE technical staff 14 higher than the comparable 6 month period in the period year.

Property related costs increased by 8% to approximately £0.57 million while other operating costs more than doubled to approximately £0.61 million reflecting the greater level of activity.

Included in these costs are approximately £0.56 million group costs, excluding those relating to the TFG acquisition.

Associates and joint ventures

The share of associates included in these interim financial statements grew from approximately £0.07 million to approximately £0.21 million, reflecting their increased profitability.

Trading loss

The additional contribution from associates and joint ventures offset the additional personnel and group costs to leave the trading loss at approximately £0.29m. This is slightly higher than in the corresponding period last year, but also includes £0.09m of one-off costs relating to the settlement of TFG employees company share option costs and the loss on assets disposed of as part of the Live Events disposal.

Acquisition costs

The costs associated with acquiring TFG were approximately £0.26 million and increased the loss before tax to approximately £0.55 million.

Balance sheet
While the trading impact of the TFG acquisition in these interim financial statements was minimal, its impact on the closing balance sheet was more significant.

Plant, property and equipment increased from approximately £0.07 million to approximately £3.22 million, almost all of which related to TFG assets, principally the main operating TFG site, a freehold building valued at £3.02 million.

Similarly, trade and other receivables and stock increased from approximately £2.61 million to approximately £4.84 million, again with most of the increase due to TFG.

Cash at bank at 31 March 2023 was approximately £0.81 million compared to just £0.04m at the end of the corresponding prior period.

Borrowings increased from £0.58 million in the prior period to £3.12 million consolidating the TFG CBILS loan of £1.17 million and £1.45 million mortgage on the freehold property.

TFG trading
Although largely excluded from these interim financial statements, we set out below a brief assessment of TFG's trading in that period.

TFG's revenue for October 2022 to March 2023 was £3.86 million, 9.6% higher than in the corresponding period in 2022. The underlying performance of the TFG businesses was just below breakeven at EBITDA level, due in part to delays in a large project with more of the work on it delivered in the current (April to June) quarter.

Live Events disposal
On 4 April 2023, two weeks after the purchase of TFG, the Group announced the disposal of TFG's Live Events business. It was the part of the business most dramatically damaged by the Government's pandemic restrictions. While it has been recovering well, it was non-core to the Smart Buildings plan, and its need for investment will be better met outside of our Group. It was personally painful to part ways with several colleagues I had worked with for many years, but it is undoubtedly the right way forward for all concerned and I wish them well.

Current Trading & **Outlook**

Architecture
With a good stock of committed work and a growing team of chargeable staff across both principal business areas, we expect the second half of the year to show an improvement on the first half.

Torpedo Factory Group
Similarly, with strong project delivery, we expect the second half to be better than the first half. The mortgage on TFG's freehold is due to be repaid in February 2024 and we are carefully reviewing our options to refinance this facility.

Smart Buildings
As we are already almost 9 months into the current financial year, it is expected that it will be into the 2023 / 24 financial year before we see material contributions from our Smart Buildings businesses.

Our team

I am hugely appreciative to all our staff who have coped admirably with a period of significant change. We are committed to shaping a sustainable, exciting, and rewarding future for our clients and our shareholders, and our staff and I look forward to sharing news our progress with you.

Nick Clark
Chief Executive
26 June 2023

Consolidated income statement

For the six months ended 31 March 2023

	Note	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
Continuing Operations				
Revenue	4	4,562	4,529	8,645
Sub consultant costs		(164)	(1,152)	(1,518)
Revenue less sub consultant costs		4,398	3,377	7,127
Personnel related costs		(3,781)	(2,921)	(6,237)
Property related costs		(573)	(531)	(1,037)
Other operating expenses		(610)	(240)	(483)
Other operating income	5	129	144	326
Operating loss		(437)	(171)	(304)
Finance costs		(55)	(46)	(95)
Loss after finance costs		(492)	(217)	(399)
Share of results of associate and joint ventures		205	65	327
Trading loss from continuing operations		(287)	(152)	(72)
Acquisition costs		(258)	-	-
Goodwill impairment		-	-	(1,752)
Loss before tax from continuing operations	4	(545)	(152)	(1,824)
Tax credit		54	26	45
Loss from continuing operations		(491)	(126)	(1,779)
Profit/(loss) from discontinued operations	6	7	(261)	(503)
Loss for the period		(484)	(387)	(2,282)
Loss attributable to:				
Owners of Aukett Swanke Group Plc		(484)	(387)	(2,282)
Non-controlling interests		-	-	-
Loss for the period		(484)	(387)	(2,282)
Basic and diluted earnings per share for (loss)/profit attributable to the ordinary equity holders of the Company:				
From continuing operations		(0.29p)	(0.07p)	(1.08p)
From discontinued operations		0.00p	(0.16p)	(0.30p)
Total loss per share	7	(0.29p)	(0.23p)	(1.38p)

Consolidated statement of comprehensive income

For the six months ended 31 March 2023

	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
Loss for the period	(484)	(387)	(2,282)
Other comprehensive income:			
Currency translation differences of foreign operations	(1)	(42)	(7)
Currency translation differences on disposal recycled to gain on disposal of discontinued operation	-	-	(209)
Currency translation differences on translation of discontinued operations	34	(7)	(168)
Other comprehensive gain/(loss) for the period	33	(49)	(384)
Total comprehensive loss for the period	(451)	(436)	(2,666)
Total comprehensive loss is attributable to:			
Owners of Aukett Swanke Group Plc	(451)	(436)	(2,666)
Non-controlling interests	-	-	-
Total comprehensive loss for the period	(451)	(436)	(2,666)
Total comprehensive profit/(loss) attributable to the owners of Aukett Swanke Group Plc arises from:			
Continuing operations	(492)	(168)	(1,786)
Discontinued operations	41	(268)	(880)
	(451)	(436)	(2,666)

Consolidated statement of financial position

At 31 March 2023

	Note	Unaudited at 31 March 2023 £'000	Unaudited at 31 March 2022 £'000	Audited at 30 September 2022 £'000
Non current assets				
Goodwill	3	1,381	1,753	-
Other intangible assets		273	217	210
Property, plant and equipment		3,218	74	69
Right-of-use assets		2,335	2,354	2,184
Investment in associate and joint ventures		1,081	802	1,007
Loans and other financial assets		162	-	-
Deferred tax		332	265	281
Total non current assets		8,782	5,465	3,751
Current assets				
Trade and other receivables		4,843	2,605	3,293
Inventories		336	-	-
Contract assets		744	599	1,119
Cash at bank and in hand	10	805	38	28
		6,728	3,242	4,440
Assets in disposal groups classified as held for sale		-	1,868	-
Total current assets		6,728	5,110	4,440
Total assets		15,510	10,575	8,191
Current liabilities				
Trade and other payables		(4,978)	(2,497)	(3,169)
Contract liabilities		(1,720)	(802)	(1,227)
Borrowings	9, 10	(2,258)	(289)	(482)
Lease liabilities		(537)	(539)	(457)
		(9,493)	(4,127)	(5,335)
Liabilities directly associated with assets in disposal groups classified as held for sale		-	(1,006)	-
Total current liabilities		(9,493)	(5,133)	(5,335)
Non current liabilities				
Trade and other payables		-	-	(44)
Borrowings	9, 10	(858)	(292)	(167)
Lease liabilities		(1,961)	(2,118)	(1,962)
Deferred tax		(183)	(37)	(33)
Provisions		(256)	(364)	(249)
Total non current liabilities		(3,258)	(2,811)	(2,455)
Total liabilities		(12,751)	(7,944)	(7,790)
Net assets		2,759	2,631	401
Capital and reserves				
Share capital		2,753	1,652	1,652
Merger reserve		2,884	1,176	1,176
Foreign currency translation reserve		(524)	(222)	(557)
Retained earnings		(3,848)	(1,469)	(3,364)
Other distributable reserve		1,494	1,494	1,494
Total equity attributable to equity holders of the Company		2,759	2,631	401
Non-controlling interests		-	-	-
Total equity		2,759	2,631	401

Consolidated statement of cash flows

For the six months ended 31 March 2023

	Note	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
Cash flows from operating activities				
Cash generated from / (expended) by operations	8	328	(303)	(1,104)
Income tax credits received		-	99	99
Net cash inflow/(outflow) from operating activities		328	(204)	(1,005)
Cash flows from investing activities				
Purchase of property, plant and equipment		(73)	(13)	(48)
Acquisition of subsidiary, net cash acquired		790	-	-
Sale of investments		-	-	927
Dividends received		131	46	140
Net cash received from investing activities		848	33	1,019
Net cash inflow/(outflow) before financing activities		1,176	(171)	14
Cash flows from financing activities				
Principal paid on lease liabilities		(241)	(232)	(470)
Interest paid on lease liabilities		(33)	(40)	(76)
Repayment of bank loans		(125)	-	(83)
Interest paid		(22)	(6)	(19)
Net cash outflow from financing activities		(421)	(278)	(648)
Net change in cash and cash equivalents		755	(449)	(634)
Cash and cash equivalents at start of period		(204)	515	515
Currency translation differences		41	(81)	(85)
Cash and cash equivalents at end of period	10	592	(15)	(204)

Cash and cash equivalents are comprised of:			
Cash at bank and in hand	805	38	28
Cash held within assets classified as held for sale	-	28	-
Secured bank overdrafts	(213)	(81)	(232)
Cash and cash equivalents at end of year	592	(15)	(204)

Consolidated statement of changes in equity

For the six months ended 31 March 2023

	Share capital	Foreign currency translation reserve	Retained earnings	Other distributable reserve	Merger reserve	Total	Non controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2022	1,652	(557)	(3,364)	1,494	1,176	401	-	401
Loss for the period	-	-	(484)	-	-	(484)	-	(484)
Other comprehensive income	-	33	-	-	-	33	-	33
Total comprehensive profit/(loss)	-	33	(484)	-	-	(451)	-	(451)
Issue of ordinary shares in relation to business combination	1,101	-	-	-	1,708	2,809	-	2,809
At 31 March 2023	2,753	(524)	(3,848)	1,494	2,884	2,759	-	2,759

For the six months ended 31 March 2022

	Share capital	Foreign currency translation reserve	Retained earnings	Other distributable reserve	Merger reserve	Total	Non controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2021	1,652	(173)	(1,082)	1,494	1,176	3,067	-	3,067
Loss for the period	-	-	(387)	-	-	(387)	-	(387)
Other comprehensive income	-	(49)	-	-	-	(49)	-	(49)
Total comprehensive loss	-	(49)	(387)	-	-	(436)	-	(436)
At 31 March 2022	1,652	(222)	(1,469)	1,494	1,176	2,631	-	2,631

For the year ended 30 September 2022

	Share capital	Foreign currency translation reserve	Retained earnings	Other distributable reserve	Merger reserve	Total	Non controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2021	1,652	(173)	(1,082)	1,494	1,176	3,067	-	3,067
Loss for the period	-	-	(2,282)	-	-	(2,282)	-	(2,282)
Other comprehensive income	-	(384)	-	-	-	(384)	-	(384)
Total comprehensive loss	-	(384)	(2,282)	-	-	(2,666)	-	(2,666)
At 30 September 2022	1,652	(557)	(3,364)	1,494	1,176	401	-	401

Notes to the Interim Report

1 Basis of preparation

The financial information presented in this Interim Report has been prepared in accordance with the recognition and measurement principles of international accounting standards in conformity with the requirements of the Companies Act 2006 that are expected to be applicable to the financial statements for the year ending 30 September 2023 and on the basis of the accounting policies expected to be used in those financial statements.

2 New accounting standards, amendments and interpretations applied

A number of new or amended standards and interpretations to existing standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3 Business combination

On the 20 March 2023 the Group acquired 100% of the voting equity instruments in Torpedo Factory Group Limited, an audio visual and stage technology provider to organisations in the UK and Europe.

Consideration for the acquisition comprised:

i) 110,142,286 Ordinary Shares in Aukett Swanke Group Plc at an issue price of 2.55p based on the closing price of Aukett Swanke Group Plc shares on 1 March 2023.

ii) Up to 3,631,124 additional consideration shares proposed to be issued to participating TFG Option Holders, at an issue price of 2.55p.

iii) 8,400,000 share options in Aukett Swanke Group Plc exercisable at 1p. Fair value calculated at 1.55p per share based on the closing price of Aukett Swanke Group Plc shares on 1 March 2023.

	£'000
Shares in Aukett Swanke Group Plc	2,809
Maximum number of additional consideration shares to be issued to the participating option holders	92
Share options in Aukett Swanke Group Plc	130
Total acquisition cost	3,031

The fair values of the identifiable assets and liabilities acquired have only been provisionally determined and are subject to adjustment during the measurement period.

	Provisional 20 Mar-23 £'000
Goodwill	1,381
Property, plant and equipment	3,122
Right-of-use assets	324
Other intangible assets	75
Loans and other financial assets	162
Inventories	336
Contract assets	10
Trade and other receivables	1,526
Net cash	790
Assets	7,726
Trade and other payables	1,180
Contract liabilities	654
Interest bearing loans and borrowings	2,611
Lease liabilities	320
Deferred tax liability	152
Liabilities	4,917
Total net assets	2,809

Property, Plant and Equipment includes £3,020k net book value of freehold property, being the Old Torpedo Factory building in London, last revalued in July 2021.

Acquisition related costs of £258k are disclosed as acquisition costs in the consolidated income statement.

4 Operating segments

The Group historically comprised a single business segment with separately reportable geographical segments (together with a Group costs segment). Geographical segments being based on the location of the operation undertaking each project.

The Group's operating geographical segments consist of the United Kingdom, the Middle East and Continental Europe. Turkey is included within Continental Europe together with Germany. The Middle East segment has been re-presented as a discontinued operation and is set out in note 5.

With the acquisition of Torpedo Factory Group during the period, Torpedo Factory Group operations have been disclosed as an additional separate business segment.

Segment revenue	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
United Kingdom	4,191	4,435	8,465
Torpedo Factory Group	212	-	-
Continental Europe	159	94	180
Revenue from continuing operations	4,562	4,529	8,645
Discontinued operations	-	1,249	1,543
Revenue	4,562	5,778	10,188

Segment revenue less sub consultant costs	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
United Kingdom	4,094	3,305	6,975
Torpedo Factory Group	212	-	-
Continental Europe	92	72	152
Revenue less sub consultant costs from continuing operations	4.398	3,377	7,127
Discontinued operations	-	1,060	1,256
Revenue less sub consultant costs	4,398	4,437	8,383

Segment result before tax	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
United Kingdom	(140)	(230)	(329)
Continental Europe	183	49	275
Torpedo Factory Group*^	(166)	-	-
Group costs*	(422)	29	(18)
Goodwill impairment	-	-	(1,752)
Loss before tax from continuing operations	(545)	(152)	(1,824)
Profit/(loss) from discontinued operations	7	(261)	(503)
Total loss	(538)	(413)	(2,327)

Segment result before tax (before reallocation of group management charges)	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
United Kingdom	130	40	211
Continental Europe	257	123	422
Torpedo Factory Group*^	(166)	-	-
Group costs*	(766)	(419)	(809)
Goodwill impairment	-	-	(1,752)
Subtotal	(545)	(256)	(1,928)
Group management charges charged to the Middle East discontinued operation	-	104	104
Loss before tax from continuing operations	(545)	(152)	(1,824)
Profit/(loss) from discontinued operations	7	(261)	(503)
Total (loss)	(538)	(413)	(2,327)

* Segmental results before tax include £258k of exceptional costs being transactional costs for the acquisition of Torpedo Factory Group allocated as £208k within Group costs, and £50k within Torpedo Factory Group.

^ TFG segmental result before tax includes £0.09m of one-off costs relating to the settlement of TFG employees company share option costs and the loss on assets disposed of as part of the Live Events disposal.

5 Other operating income

Continuing operations	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
Property rental income	44	74	147
Management charges to associate and joint ventures	68	63	131
Licence fee income	-	7	-
Other sundry income	17	-	48
Total other operating income	129	144	326

6 Discontinued operations

6 (a) Description

In April 2022, the Group sold assets, as part of the Group's disposal of JRHP constituting its John R Harris & Partners Limited (Cyprus) subsidiary and John R Harris & Partners (Dubai) entity, for a cash consideration of AED 5,000,000, comprising AED 4,250,000 cash upfront and a further AED 750,000 deferred consideration paid over a 5 year period. This marked the sale of the main trading operations in the Group's Middle East segment. With closure costs incurred in the period relating to the planned termination of a number of trading licenses in the Middle East operations, the Middle East segment is presented as a discontinued operation in the current period, and the comparative period represented accordingly.

6 (b) Financial performance and cash flow information

Result of discontinued operations

	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
Revenue	-	1,249	1,543
Sub consultant costs	-	(189)	(287)
Revenue less sub consultant costs	-	1,060	1,256
Expenses	7	(1,217)	(2,012)
Group management charges	-	(104)	(104)
Gain on disposal of subsidiary	-	-	357
Profit/(loss) before tax	7	(261)	(503)
Tax credit / (charge)	-	-	-
Profit/(loss) from discontinued operations	7	(261)	(503)
Exchange differences on disposal recycled to gain on disposal of subsidiary	-	-	(209)
Exchange differences on translation of discontinued operation	34	(7)	(168)
Other comprehensive gain/(loss) from discontinued operations	41	(268)	(880)

Earnings per share from discontinued operations

	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
Basic and diluted gain/(loss) per share	0.00p	(0.16p)	(0.30p)

Statement of cash flows

The statement of cash flows includes the following amounts relating to discontinued operations:

	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
Net cash outflow from operating activities	-	(174)	(53)
Net cash inflow from investing activities	-	-	35
Foreign exchange movements	-	2	(204)
Net cash outflow from discontinued operations	-	(172)	(222)

7 Earnings per share

The calculations of basic and diluted earnings per share are based on the following data:

Earnings	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
Continuing operations	(491)	(126)	(1,779)
Discontinued operations	7	(261)	(503)
Loss for the period	(484)	(387)	(2,282)

Number of shares	Unaudited six months to 31 March 2023 '000	Unaudited six months to 31 March 2022 '000	Audited year to 30 September 2022 '000
Weighted average number of shares	171,907	165,214	165,214
Effect of dilutive options	221	-	-
Diluted weighted average number of shares	171,128	165,214	165,214

8 Reconciliation of profit before tax to net cash from operations

	Unaudited six months to 31 March 2023 £'000	Unaudited six months to 31 March 2022 £'000	Audited year to 30 September 2022 £'000
Loss for the period	(484)	(387)	(2,282)
Tax credit	(54)	(26)	(45)
Finance costs	55	46	95
Share of results of associate and joint ventures	(205)	(65)	(327)
Intangible amortisation	6	19	28
Depreciation	24	56	97
Goodwill impairment	-	-	1,752
Amortisation of right-of-use assets	193	192	385
Decrease in trade and other receivables	161	565	594
Increase / (decrease) in trade and other payables	625	(635)	(815)
Change in provisions	7	(68)	(586)
Net cash generated from / (expended) by operations	328	(303)	(1,104)

9 Borrowings

	Unaudited at 31 March 2023 £'000	Unaudited at 31 March 2022 £'000	Audited at 30 September 2022 £'000
Secured bank overdrafts	(213)	(81)	(232)
Mortgage	(1,445)	-	-
Secured bank loan (NatWest)	(1,166)	-	-
Secured bank loan (Coutts)	(292)	(500)	(417)
Total borrowings	(3,116)	(581)	(649)
Amounts due for settlement within 12 months	(2,258)	(289)	(482)
Current liability	(2,258)	(289)	(482)
Amounts due for settlement between one and two years	(392)	(250)	(167)
Amounts due for settlement between two and five years	(466)	(42)	-
Non current liability	(858)	(292)	(167)
Total borrowings	(3,116)	(581)	(649)

The bank loan (Coutts) and overdrafts are secured by debentures over all the assets of the Company and certain of its United Kingdom subsidiaries. The bank loan and overdrafts carry interest at 4.05% (loan) and 3% (overdrafts) above the Coutts Base rate for the relevant currency.

The mortgage and the bank loan (NatWest) are secured by way of a first legal charge over freehold property, a debenture and cross guarantee from Torpedo Factory Group Limited, Torpedo Factory Limited and TFG Stage Technology Limited. The bank loan (NatWest) initially drawn at £1.75m is being repaid at £29k per month. The loan is at a fixed rate of interest of 3.66%.

The mortgage initially drawn in 2018 at £1.73m with a duration of 5 years has been extended for a year and is due to expire in February 2024, and is therefore wholly shown due for settlement within 12 months. The mortgage carries interest at base rate + 1.93%.

10 Analysis of net funds

	Unaudited at 31 March 2023 £'000	Unaudited at 31 March 2022 £'000	Audited at 30 September 2022 £'000
Cash at bank and in hand	805	38	28
Cash held within assets classified as held for sale	-	28	-
Secured bank overdrafts	(213)	(81)	(232)
Cash and cash equivalents	592	(15)	(204)
Mortgage	(1,445)	-	-
Secured bank loans	(1.458)	(500)	(417)
Net debt	(2,311)	(515)	(621)

11 Status of Interim Report

The Interim Report covers the six months ended 31 March 2023 and was approved by the Board of Directors on 26 June 2023. The Interim Report is unaudited.

The interim condensed set of consolidated financial statements in the Interim Report are not statutory accounts as defined by Section 434 of the Companies Act 2006.

Comparative figures for the year ended 30 September 2022 have been extracted from the statutory accounts of the Group for that period.

The statutory accounts for the year ended 30 September 2022 have been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report thereon was unqualified, did not include references to matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain a statement under Section 498 of the Companies Act 2006. The audit report did draw attention to the Directors' assessment of going concern, indicating that a material uncertainty exists that may cast significant doubt on the Group's and parent company's ability to continue as a going concern. The audit report was not modified in respect of this matter.

12 Further information

An electronic version of the Interim Report will be available on the Group's website (www.aukettswankeplc.com).