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Aukett Swanke Group PLC
29 June 2022

Aukett Swanke Group Plc
Interim results
For the six months ended 31 March 2022

Aukett Swanke Group Plc ("the Group"), a company that principally provides architectural and interior design services, is pleased to announce its interim results for the six-month period ended 31 March 2022.

Highlights

Total revenue* increases to £5.78m (2021: £5.28m)

Revenue from continuing operations increases to £4.53m (2021: £3.70m)

United Kingdom returns to profit before group costs of £40k (2021: loss £567K)

Group costs reduced by 30% to £419k (2021: £598k)

Post period disposal of interest in Middle East operation for AED 5.0m (£1.1m)

Improving order book

*Continuing and discontinued operation revenue combined

Commenting on the interim results, CEO Nicholas Thompson said:

" The period under review highlights a return to growth, particularly in the UK and a significant reduction in the running costs of the Group as we progress our recovery strategy."

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Interim statement

Overview

In the half year under review and subsequently there has been a marked improvement in the Group's trading and financial position.

The result for the six months ended 31 March 2022, shows revenues (from continuing and discontinued operations combined) increasing by £500k to £5.78m (2021: £5.28m) and with this our losses before tax substantially reduced to £413k (2021: £1,017k).

Continuing operations' revenues increased by 22% to £4.53m (2021: £3.70m) and the loss before tax fell significantly to £152k (2021: £737k) evidencing the progress being made in restoring the group's underlying profitability. Revenues from discontinued operations fell by 21% to £1.25m (2021: £1.58m) and the loss before tax showed a small reduction at £261k (2021: £280k).

The post-period disposal of John R Harris & Partners Limited ("John R Harris") to the local management team has also significantly improved the Group's cash position.

Group Results

Within the overall result, the United Kingdom increased revenues to £4.43m (2021: £3.44m) and net of consultants, revenues rose by £714k to £3.31m (2021: £2.59m). As a result, the prior year loss before management charges of £567k moved into a profit of £40k for the reporting six months. In effect 85% of the growth dropped straight to the bottom line.

Continental European revenues were down 64% (locally 42%) as the Turkish lira depreciated by c.80% such that revenues were only £94k (2021: £258k). Profits before management charges for Continental Europe, as a whole, also reduced to £123k (2021: £227k). Both German operations continue to perform well in a post covid market.

Elsewhere the operating results were not so favourable. The Middle East continued to lose revenues with a fall of 21% to £1.25m (2021: £1.58m), resulting in an increased loss of £157k (2021: £79k) before management charges. This was further impacted by the closure costs related to the numerous licences that were previously required in the region. However, since the period end, we have disposed of our interest in the main operation, John R Harris, and we continue to downsize our residual operations.

A pleasing upturn in new business wins (see below) in both the United Kingdom and Continental Europe, leads us to expect further improvement in the second half.

Having commented on the disproportionate cost of the Group compared to the operations we are pleased to report a reduction in Group costs in the period of 30% to £419k (2021: £598k). This was mainly due to a reduction in executive salary costs as part of retirement planning processes.

Projects

Across the Group there have been significant new wins and project completions. In the UK preliminary stages on a range of Hybrid mixed use projects have begun for Related Argent, Segro, LaSalle, Freshwater, Regal London, Joseph Homes, Royal London Asset Management and Network Rail. The Eastside Locks project for Birmingham City University was completed earlier in the year with the fit-out now under way. Planning consent has been secured for the 30,000 sqm St. George's House East project in Wimbledon.

Executive Architecture project wins include Project Apple, the 19ha redevelopment in Surrey for biopharmaceutical giant UCB Celltech with the Heatherwick Studio and No's 74 & 84 Moorgate for the City of London and Osborne with Ben Adam Architects. Completions in London include the 21,000 sqm Featherstone building for Derwent with architect Morris + Company and the topping out of the 15,000 sqm n2 Nova Evolved workplace building for Landsec with Lynch Architects.

In Germany completions include the IHK Business Welcome Center and the refurbishment of the central areas of KaDeWe department store in Berlin, and new wins include the fit-out planning of 14,000 sqm in the Am Tacheles building for tenant Autodoc. In Frankfurt further refurbished floors of the iconic MesseTurm have been completed for landlord Blackstone together with fit-outs for international banking, legal and IT sector clients. In Turkey new concept designs were won and completed for the 10,000 sqm Mercedes Benz Office HQ, the 25,000 sqm Cengiz Altunizade Campus in Istanbul and their 4,000 sqm Ankara HQ building.

Disposal

Shortly after the half year the Group concluded the disposal of its interest in John R Harris to the local management team operating out of the Middle East.

The disposal provided an initial inflow of cash consideration along with a deferred consideration sum payable over 5 years, for a total £1.1m. The Group has also entered into a Marketing Agreement, covering the use of the Group's project portfolio and associated materials, over the deferred consideration period for an additional sum in order to maintain the Group's interest in this important market. The Group continues to operate in the Middle East but on a much-reduced basis.

Prospects

The Group continues to focus on enhancing shareholder value. This, inter alia, includes opportunities for further disposals and funding to support our new growth strategy; consideration of a share consolidation to improve the share register and allow many small investors to realise their investment on an economic basis whilst significantly reducing the cost to the Group of servicing a register with many hundreds of very small shareholdings; and, following my retirement, the appointment of a successor CEO to lead the business in the next phase of its operations.

Overall, we see the performance of the Group improving in the second half.

Nicholas Thompson
Chief Executive Officer
28 June 2022

Consolidated income statement

For the six months ended 31 March 2022

	Note	Unaudited six months to 31 March 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000
Continuing Operations				
Revenue	3	4,529	3,699	9,192
Sub consultant costs		(1,152)	(912)	(2,887)
Revenue less sub consultant costs		3,377	2,787	6,305
Personnel related costs		(2,921)	(2,798)	(5,594)
Property related costs		(531)	(534)	(1,041)
Other operating expenses		(240)	(402)	(695)
Other operating income	4	144	188	358
Operating loss		(171)	(759)	(667)
Finance costs		(46)	(49)	(94)
Loss after finance costs		(217)	(808)	(761)
Impairment of intangibles		-	-	-
Share of results of associate and joint ventures		65	71	166
Loss before tax	3	(152)	(737)	(595)
Tax credit		26	409	395
Loss from continuing operations		(126)	(328)	(200)
Loss from discontinued operations	5	(261)	(280)	(936)
Loss for the period		(387)	(608)	(1,136)
Loss attributable to:				
Owners of Aukett Swanke Group Plc		(387)	(603)	(1,123)
Non-controlling interests		-	(5)	(13)
Loss for the period		(387)	(608)	(1,136)

Basic and diluted earnings per share for loss attributable to the ordinary equity holders of the Company:				
From continuing operations		(0.07p)	(0.20p)	(0.12p)
From discontinued operations		(0.16p)	(0.16p)	(0.57p)
Total loss per share	6	(0.23p)	(0.36p)	(0.69p)

Consolidated statement of comprehensive income

For the six months ended 31 March 2022

	Unaudited six months to 31 March 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000
Loss for the period	(387)	(608)	(1,136)
Other comprehensive income:			
Currency translation differences of foreign operations	(42)	(108)	(107)
Currency translation differences on translation of discontinued operations	(7)	(55)	(50)
Other comprehensive loss for the period	(49)	(163)	(157)
Total comprehensive loss for the period	(436)	(771)	(1,293)
Total comprehensive loss is attributable to:			
Owners of Aukett Swanke Group Plc	(436)	(762)	(1,280)
Non-controlling interests	-	(9)	(13)
Total comprehensive loss for the period	(436)	(771)	(1,293)
Total comprehensive loss attributable to the owners of Aukett Swanke Group Plc arises from:			
Continuing operations	(168)	(436)	(307)
Discontinued operations	(268)	(326)	(973)
	(436)	(762)	(1,280)

Consolidated statement of financial position

At 31 March 2022

	Note	Unaudited at 31 March 2022 £'000	Unaudited at 31 March 2021 £'000	Audited at 30 September 2021 £'000
Non current assets				
Goodwill		1,753	2,349	2,370
Other intangible assets		217	593	324
Property, plant and equipment		74	205	155
Right-of-use assets		2,354	2,737	2,546

Investment in associate and joint ventures		802	779	796
Deferred tax		265	259	241
Total non current assets		5,465	6,922	6,432
Current assets				
Trade and other receivables		2,605	4,303	3,876
Contract assets		599	911	982
Current tax		-	362	99
Cash at bank and in hand	8	38	591	515
		3,242	6,167	5,472
Assets in disposal groups classified as held for sale		1,868	-	-
Total current assets		5,110	6,167	5,472
Total assets		10,575	13,089	11,904
Current liabilities				
Trade and other payables		(2,497)	(4,249)	(3,747)
Contract liabilities		(802)	(797)	(829)
Borrowings	8	(289)	(390)	(83)
Lease liabilities		(539)	(539)	(539)
		(4,127)	(5,975)	(5,198)
Liabilities directly associated with assets in disposal groups classified as held for sale		(1,006)	-	-
Total current liabilities		(5,133)	(5,975)	(5,198)
Non current liabilities				
Borrowings	8	(292)	-	(417)
Lease liabilities		(2,118)	(2,578)	(2,350)
Deferred tax		(37)	(44)	(40)
Provisions		(364)	(889)	(832)
Total non current liabilities		(2,811)	(3,511)	(3,639)
Total liabilities		(7,944)	(9,486)	(8,837)
Net assets		2,631	3,603	3,067
Capital and reserves				
Share capital		1,652	1,652	1,652
Merger reserve		1,176	1,176	1,176
Foreign currency translation reserve		(222)	(175)	(173)
Retained earnings		(1,469)	(562)	(1.082)
Other distributable reserve		1,494	1,494	1,494
Total equity attributable to equity holders of the Company		2,631	3,585	3,067
Non-controlling interests		-	18	-
Total equity		2,631	3,603	3,067

Consolidated statement of cash flows

For the six months ended 31 March 2022

	Note	Unaudited six months to 31 March	Unaudited six months to 31 March	Audited year to

		2022 £'000	2021 £'000	30 September 2021 £'000
Cash flows from operating activities				
Cash expended by operations	7	(303)	(659)	(896)
Interest paid		-	-	-
Income tax credits received / (paid)		99	(1)	262
Net cash outflow from operating activities		(204)	(660)	(634)
Cash flows from investing activities				
Purchase of property, plant and equipment		(13)	(2)	(33)
Sale of property, plant and equipment		-	-	16
Purchase of investments		-	(100)	(123)
Dividends received		46	472	528
Net cash received in investing activities		33	370	388
Net cash outflow before financing activities		(171)	(290)	(246)
Cash flows from financing activities				
Principal paid on lease liabilities		(232)	(226)	(455)
Interest paid on lease liabilities		(40)	(48)	(91)
Proceeds from bank loans		-	-	500
Repayment of bank loans		-	(97)	(155)
Interest paid		(6)	(1)	(3)
Net cash outflow from financing activities		(278)	(372)	(204)
Net change in cash and cash equivalents		(449)	(662)	(450)
Cash and cash equivalents at start of period		515	992	992
Currency translation differences		(81)	(71)	(27)
Cash and cash equivalents at end of period	8	(15)	259	515
Cash and cash equivalents are comprised of:				
Cash at bank and in hand		38	591	515
Cash held within assets classified as held for sale		28	-	-
Secured bank overdrafts		(81)	(332)	-
Cash and cash equivalents at end of year		(15)	259	515

Consolidated statement of changes in equity

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 six months ended 31 March 2021

	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 2020	1,652	(16)	41	1,494	1,176	4,347	27	4,374
Loss for the period	-	-	(603)	-	-	(603)	(5)	(608)
Other comprehensive income	-	(159)	-	-	-	(159)	(4)	(163)
Total comprehensive loss	-	(159)	(603)	-	-	(762)	(9)	(771)
At 31 March 2021	1,652	(175)	(562)	1,494	1,176	3,585	18	3,603

Consolidated statement of changes in equity (continued)

For the year ended 30 September 2021

	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 2020	1,652	(16)	41	1,494	1,176	4,347	27	4,374
Loss for the period	-	-	(1,123)	-	-	(1,123)	(13)	(1,136)
Acquisition of minority interest	-	-	-	-	-	-	(14)	(14)
Other comprehensive income	-	(157)	-	-	-	(157)	-	(157)
Total comprehensive loss	-	(157)	(1,123)	-	-	(1,280)	(27)	(1,307)
At 30 September 2021	1,652	(173)	(1,082)	1,494	1,176	3,067	-	3,067

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 2022 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 Operating segments

The Group comprises a single business segment and separately reportable geographical segments (together with a Group costs segment). Geographical segments are based on the location of the operation undertaking each project. Turkey is included within Continental Europe together with Germany and the Czech Republic (in the comparative periods). The Middle East segment has been re-presented as a discontinued operation in note 5, and accordingly is no longer included in this operating segments note.

Segment revenue	Unaudited six months to 31 March 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000
United Kingdom	4,435	3,441	8,871
Continental Europe	94	258	321
Total	4,529	3,699	9,192

Segment revenue less sub consultant costs	Unaudited six months to 31 March 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000
United Kingdom	3,305	2,591	6,063
Continental Europe	72	196	242
Total	3,377	2,787	6,305

Segment result before tax	Unaudited six months to 31 March 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000
United Kingdom	(230)	(837)	(848)
Continental Europe	49	121	149
Group costs	29	(21)	104
Total (loss)/profit	(152)	(737)	(595)

Segment result before tax (before reallocation of group management charges)	Unaudited six months to 31 March 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000

United Kingdom	40	(567)	(308)
Continental Europe	123	227	330
Group costs	(419)	(598)	(1,015)
Total (loss)/profit	(256)	(938)	(993)
Group management charges charged to the Middle East discontinued operation	104	201	398
Total (loss)/profit	(152)	737	(595)

4 Other operating income

	Unaudited six months to 31 March 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000
Property rental income	74	79	153
Management charges to associate and joint ventures	63	65	132
Government grants (UK furlough scheme)	-	42	59
Licence fee income	7	2	-
Other sundry income	-	-	14
Total other operating income	144	188	358

5 Discontinued operations

5 (a) Description

In April 2022, the Group sold assets, as part of the Group's disposal of its John R Harris & Partners Limited (Cyprus) subsidiary and John R Harris & Partners (Dubai) entity. 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 periods represented accordingly.

5 (b) Financial performance and cash flow information

Result of discontinued operations

	Unaudited six months to 31 March 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000
Revenue	1,249	1,581	2,822
Sub consultant costs	(189)	(229)	(305)
Revenue less sub consultant costs	1,060	1,352	2,517
Expenses	(1,217)	(1,431)	(2,806)
Group management charges	(104)	(201)	(398)
Impairment of intangibles	-	-	(249)
Loss before tax	(261)	(280)	(936)
Tax credit / (charge)	-	-	-
Loss from discontinued operations	(261)	(280)	(936)
Exchange differences on translation of discontinued operation	(7)	(55)	(50)

Other comprehensive loss from discontinued operations	(268)	(335)	(986)

Earnings per share from discontinued operations

	Unaudited six months to 31 March 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000
Basic and diluted loss per share	(0.16p)	(0.16p)	(0.57p)

Statement of cash flows

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

	Unaudited six months to 31 March 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000
Net cash outflow from operating activities	(174)	(241)	(485)
Net cash outflow from investing activities	-	(3)	(2)
Foreign exchange movements	2	(43)	(39)
Net cash from discontinued operations	(172)	(287)	(526)

6 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 2022 £'000	Unaudited six months to 31 March 2021 £'000	Audited year to 30 September 2021 £'000
Continuing operations	(126)	(328)	(200)
Discontinued operations	(261)	(275)	(923)
Loss for the period	(387)	(603)	(1,123)

Number of shares	Unaudited six months to 31 March 2022 '000	Unaudited six months to 31 March 2021 '000	Audited year to 30 September 2021 '000
Weighted average number of shares	165,214	165,214	165,214
Effect of dilutive options	-	-	-
Diluted weighted average number of shares	165,214	165,214	165,214

7 Reconciliation of profit before tax to net cash from operations

	Unaudited six months	Unaudited six months	Audited year to

	to 31 March 2022 £'000	to 31 March 2021 £'000	30 September 2021 £'000
Loss for the period	(387)	(608)	(1,136)
Tax credit	(26)	(409)	(395)
Finance costs	46	49	94
Share of results of associate and joint ventures	(65)	(71)	(166)
Intangible amortisation	19	32	59
Intangible impairment	-	-	249
Depreciation	56	63	129
Amortisation of right-of-use assets	192	192	383
Profit on disposal of property, plant and equipment	-	(1)	(2)
Decrease / (increase) in trade and other receivables	565	(976)	(843)
(Decrease) / increase in trade and other payables	(635)	1,207	892
Change in provisions	(68)	(52)	(160)
Unrealised foreign exchange differences	-	(85)	-
Net cash expended by operations	(303)	(659)	(896)

8 Analysis of net funds

	Unaudited at 31 March 2022 £'000	Unaudited at 31 March 2021 £'000	Audited at 30 September 2021 £'000
Cash at bank and in hand	38	591	515
Cash held within assets classified as held for sale	28	-	-
Secured bank overdrafts	(81)	(332)	-
Cash and cash equivalents	(15)	259	515
Secured bank loan	(500)	(58)	(500)
Net (debt)/funds	(515)	201	15

9 Events occurring after the reporting period

On 28 April 2022 Aukett Swanke Group Plc disposed of its 100% interest in the share capital of John R Harris & Partners Limited (registered in Cyprus), the beneficial owner of John R Harris & Partners (Dubai) 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.

The assets and liabilities directly associated with both John R Harris & Partners Limited and John R Harris & Partners (Dubai) have been classified as held for sale for the reporting period ended 31 March 2022

The operating results of these entities have been included within discontinued operations for the 6 month period to 31 March 2022, and re-presented accordingly for comparative periods.

10 Status of Interim Report

The Interim Report covers the six months ended 31 March 2022 and was approved by the Board of Directors on 28 June 2022. 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 2021 have been extracted from the statutory accounts of the Group for that period.

The statutory accounts for the year ended 30 September 2021 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.

11 Further information

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

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