Autins Group plc
Interim Results for the six months ended
31 March 2019

26 June 2019

Autins Group plc
(the "Company" or the "Group")

Interim Results

Autins Group plc (AIM: AUTG), a leading designer, manufacturer and supplier of acoustic and thermal insulation solutions for the automotive sector, announces its results for the six months ended 31 March 2019.

Financial Summary

- Revenue decreased by 13.8% to £13.66m (H1 18: £15.86m)
- Gross profit decreased by 15.3% to £3.62m (H1 18: £4.27m)
- Gross margins down to 26.5% (H1 18: 26.9%)
- Adjusted EBITDA[1] loss of £0.16m (H1 18: Profit of £0.60m)
- Adjusted Loss Before Tax[1,2] of £0.55m (H1 18: Profit of £0.41m)
- Loss After Tax of £0.98m (H1 18: Profit of £0.05m)
- Loss per Share of 4.42p (H1 18: Earnings of 0.22p)
- Net debt[3] of £4.66m (FY18: Net debt £4.22m)
- Interim dividend of £nil per share (H1 18: 0.4p per share)

1: Adjusted EBITDA in H1 18 excluded non recurring start up Neptune costs of £0.24m and H1 19 includes £0.31m (H1 18: £nil) related to restructuring of overhead costs and bank facilities
2: Adjusted LBT further excludes £0.12m (H1 18: £0.12m) amortisation of intangible costs
3. *Cash less bank overdrafts, invoice discounting and hire purchase finance.*

Operational Highlights

First Half

- Sales of Neptune components and the quotation pipeline increased significantly in the period
- Neptune product adoption has continued with a European OEM specifying the material for global sourcing and inclusion by a German OEM on prototypes for its next generation electric vehicles
- Neptune business wins now include 12 OEM brands, 33 vehicle models, and over 200 different automotive parts
- Continued growth in Germany and for Neptune in all territories
- Research and product development programmes continue to progress with first product and third-party testing services sales achieved
- Overhead cost reduction programme completed in full with progress on operational cost focus areas: labour efficiency, material usage, waste and packaging

Post Period End

- Extended shutdowns and reduced schedules from key OEMs and customers in UK
- Impacts of unwind of Brexit preparedness by UK OEMs and their key Tiers
- Secured significant additional work on replacement vehicles for 2020 as well as continuing to pursue new vehicle work with new OEMs as part of the overall growth and diversification strategy

Gareth Kaminski-Cook, Chief Executive, said:

"*The Group, and the automotive industry generally, is continuing to experience challenging trading conditions due to a combination of factors, including OEM factory shutdowns due to Brexit, uncertainty over the future of diesel engine vehicles and a sharp decline in global demand, especially in China.*

Despite this market backdrop, the Group continues to see positive momentum in its business and while further recovery is required to return to H1 18 levels, H1 19 has seen an improvement on H2 18. The Board is pleased with sales growth in Germany of 44% compared to the prior year and the continued strong growth of Neptune product sales.

Operational efficiencies and cost mitigation measures remain a key priority for the financial year and beyond, and the Board expects to see continued improvement in margin progression, supported by a broader customer base and further diversification of Group revenues."

For further information please contact:

Autins Group plc Gareth Kaminski-Cook, Chief Executive James Larner, CFO	Via Newgate
N+1 Singer Advisory LLP **(Nominated Adviser and Broker)** Mark Taylor / Lauren Kettle (Corporate Finance) Mia Gardner (Corporate Broking)	Tel: 020 7496 3000
Newgate Communications **(Financial PR)** Adam Lloyd Tom Carnegie	Tel: 020 7653 9850

About Autins

Autins specialises in the design, manufacture and supply of acoustic and thermal insulation solutions primarily in the automotive sector but with an increasing focus on other sectors, including flooring, building and wider industrial applications.

The Group is one of the leading suppliers of noise and heat management products in the automotive market, producing and supplying over two million parts per month to customers including some of the world's leading vehicle manufacturers.

Operational and Financial Review

As reported in the trading update on 6 June 2019, the challenging trading conditions affecting the automotive industry first impacted the Group in H2 18, prompting a renewed focus by the Board on cost control and sales conversion. Against the backdrop of H2 18, H1 19 has shown solid improvement with gross margins up 4%, gross profit up £0.6m and adjusted EBITDA improved by £0.76m.

Operational effectiveness remains a key priority for the current year; however, the Group has seen disruption to its planned improvements in the period. Volatility in demand from its major customers and an unprecedented number of plant shutdowns by OEMs as they planned for the UK's departure from the European Union (prior to its ultimate delay) means that Autins has not yet seen the full benefit from its cost control measures. A key priority of the Group's continued operational improvement programme is increased flexibility in cost control, such that it is better placed to react quickly to volatility in demand or unexpected customer shutdowns.

Notwithstanding the ongoing volatility in demand, the Board is encouraged by the prospects for the business, and is pleased to see a strong pace of conversion of its healthy pipeline. The Group is also pleased to report an increasing number of projects requiring collaborative design and manufacture of bespoke NVH solutions, demonstrating the breadth of technical knowhow and capability. While volumes associated with such projects are relatively low, they offer attractive margins. Furthermore, the Group considers that it is well positioned for growth in the electric vehicle market, having completed a considerable amount of work on key vehicles and models for its customers.

Revenue

As expected with reductions in UK and European car sales noted in FY18, revenue decreased 13.8% year on year to £13.66m (H1 18: £15.86m).

Component revenue at £13.43m was 13.7% down year on year, but 5.2% higher than H2 18. Tooling revenue was marginally lower at £0.23m (H1 18: £0.29m) but is expected to be significantly higher in the second half year with orders already secured.

The key driver for reduced component revenue was the UK market, which saw revenue decrease by 20.0% to £10.85m (H1 18: £13.56m). Swedish component manufacturing revenues decreased by 20.4% to £0.39m (H1 18: £0.49m) whilst German component revenues increased by 44.4% to £2.17m (H1 18: £1.50m).

Direct component sales to the Group's largest customer accounted for 57% of Group revenue (H1 18: 61%, FY18: 58.7%). Concentration with this customer is expected to continue to reduce with the increasing uptake of Neptune amongst other European OEMs and key Tier Ones providing diversification.

Gross margin

The Group's component gross margin decreased to 26.5% (H1 18: 26.9%) but was an improvement on H2 18 (22.2%) and FY18 (25.5%). Whilst discounting required on mature OEM platforms in FY18 in the UK continues to suppress margin, progress has been made on overall economic batch quantities, supply chain, efficiency and labour planning which have improved the margin. We would expect to see this progress continue into the full year result. Increased utilisation of the Neptune line will also improve the margin with increased dilution of fixed labour and operational costs associated with the facility.

EBITDA and operating profit

The reported operating loss of £1.00m (H1 18: Loss of £0.07m) and reported EBITDA loss of £0.47m (H1 18: profit of £0.37m) are stated after charging exceptional costs of £0.31m (H1 18: £nil) and non-recurring costs of £nil (H1 18: £0.24m) as detailed below.

The reported operated loss is also stated after recognising £0.12m (H1 18: £0.12m) related to amortisation arising on intangibles which were created at the Group's IPO

Exceptional and adjusting items

Exceptional items

In response to the challenging trading conditions affecting the automotive industry the Group completed a significant overhead cost out programme in the period and sought to adjust its funding arrangements to suit a period of uncertainty. This programme required a number of redundancies and additional legal and professional costs and therefore exceptional restructuring costs of £0.31m (H1 18: £nil) were incurred in the period.

The Company acquired 100 per cent of the issued share capital of Acoustic Insulations Limited on 29 April 2014 as part of an overall refinancing package to fund strategic investments and additional working capital to support the growth of the Group. This acquisition recognised £1.90m of intangible assets which creates an annual amortisation charge of £0.24m.

Adjusting items

Whilst bringing the Group's Neptune asset into full use, and in the period prior to confirmation that the line was capable of operating in the manner intended and to the specification set by management at the time of order, non-recurring start-up costs of £nil (H1 18: £0.24m) were incurred in the period.

Joint venture

The Group's share of joint venture activities relates solely to Indica Automotive, a UK based foam conversion business.

Turnover at Indica Automotive decreased 20.6% year on year to £1.54m (H1 18: £1.94m) with a profit after tax of £0.24m (H1 18: £0.31m). The Group remains the largest customer of the joint venture, and the ratio of sales to the Group as a percentage of total sales has not changed significantly from H1 18.

Net finance expense

Net finance expense for the period increased to £0.09m (H1 2018: £0.04m) with continued use of bank borrowings throughout the period. The interest element of hire purchase agreements was unchanged at £0.03m (H1 2018: £0.03m) with interest paid on bank borrowings £0.06m (H1 2018: £0.01m).

No new term finance has been taken in the period, although the Group's primary bankers, HSBC, agreed to make an increased proportion of the existing funding limits available as working capital facilities in the form of an overdraft facility which will be due for review in February 2020. The existing invoice discounting facility of up to £6m is unaffected by this change. The banking facilities remain free of covenants.

Taxation

Given the Group's trading loss and the significant losses already recognised as deferred taxation assets, no further recognition has been included in the period.

We would expect the effective rate for full year profits to be significantly lower than the headline rates due to enhanced R&D claims and the utilisation of brought forward losses in all territories.

The Group continues to have taxable losses available within its overseas subsidiaries which will offset trading profits in higher corporation tax territories of Sweden and Germany in the medium term.

Dividends

The Board continues to believe that during the current period of general market uncertainty a suspension in dividend payments remains appropriate. As such, no interim dividend is proposed.

The Board reaffirms its intention to reinstate its progressive dividend policy, having taken account of net earnings, gearing levels, expected capital requirements and growth opportunities, as and when market conditions stabilise and the trading performance of the Group improves.

Net cash/(debt) and financing

The Group ended the period with net debt (being the net of cash and cash equivalents and the Group's

loans and borrowings) of £4.67m (H1 18: £3.58m; FY18: Net Debt £4.22m) and cash and cash equivalents of £0.35m (H1 2018: £1.35m; FY18: (£0.1m)).

During the period net debt increased as a result of trading losses with total working capital remaining largely unchanged. Neptune inventory and certain critical raw materials were increased as part of preparations for the assumed Brexit date of 29 March, effectively offsetting working capital efficiency gains created in Q1. Management intend to reduce these contingency material inventories during the second half of the year.

At 31 March 2019, the Group's HSBC facilities provide up to £6.0m (H1 18: £6.0m) of invoice discounting facility (subject to available accounts receivable balances), £1.25m overdraft and £0.5m (H1 18: £4.5m) of asset finance facilities. At the end of the period, £3.67m of the invoice discounting facility was utilised (H1 18: £3.95; FY18: £2.98m) with £0.4m of the asset finance facility (H1 18: £nil, FY18: £0.45m) and £nil of the overdraft facility (H1 18: £nil, FY18: £nil).

Going Concern

In approving these Interim Financial Statements, the Board have reviewed the current trading and cash flow forecasts and assessed available sources of finance. The Board continue to believe that it remains appropriate to prepare the Group's interim results on the basis of a Going Concern.

The Board's assessment has included updating detailed cashflow and trading forecasts that take account of current market conditions, adjusted revenue forecasts, gross margin recovery and the impact of the ongoing overhead cost reduction exercise. In addition, the Board has again considered those reasonably foreseeable contingencies, risks and opportunities that could affect the Group's performance, the available funding facilities and the level of headroom within these facilities.

Capital expenditure

The Group invested £0.1m (H1 18: £0.4m) in its facilities during the period and has no further significant capital expenditure planned for the balance of the year.

Operations

Our UK operations have improved daily management across labour, material and waste control. These actions, as evidenced in the increased gross margin in H1, will continue to show benefits in H2.

Performance of our Swedish operation has been constrained by delays to product launches but remains well positioned for future growth.

The German operation has continued to develop operational capability to support the ongoing growth in the region.

Outlook

Since the period end the Brexit disruption has continued. There has been a clear "destocking" within the sector following the passing of the assumed Brexit date of 29 March which has severely impacted results for April and May.

The Board anticipates that margin improvement will continue, albeit at a slower pace in H2 than initially anticipated due to the challenging market conditions and despite the actions taken by the Group in the year to date. The Board anticipates that the Group's EBITDA, as a result of the delay in margin recovery, will be close to break-even for the full year.

Autins will remain focused on cost mitigation measures for the remainder of the financial year and beyond and expects to see continued improvement in margin progression, supported by a broader customer base and further diversification of Group revenues.

Interim Consolidated Income Statement

	Notes	Unaudited Period 1/10/18–31/3/19 £'000	Unaudited Period 1/10/17–31/3/18 £'000	Audited Year Ended 30/09/18 £'000
Revenue	2	13,657	15,855	29,243
Cost of sales		(10,041)	(11,586)	(21,996)
Gross profit		3,616	4,269	7,247
Other operating income		-	23	39
Distribution and administrative expenses excluding exceptional costs and amortisation		(4,191)	(4,239)	(8,650)
Amortisation of acquired intangible assets	4	(118)	(118)	(237)
Other exceptional operating costs	4	(312)	-	(234)
Total distribution and administrative expenses		(4,621)	(4,357)	(9,121)
Operating loss		**(1,005)**	**(65)**	**(1,835)**
Finance expense		(90)	(35)	(118)
Share of post-tax profit of equity accounted joint ventures		119	154	219
(Loss)/profit before tax		(976)	54	(1,734)
Tax (expense)/credit		-	(5)	376
(Loss)/profit after tax for the period		**(976)**	**49**	**(1,358)**
Earnings per share for (loss)/profit attributable to the owners of the Parent during the year				
Basic (pence)	3	*(4.42)p*	*0.22p*	*(6.14)p*
Diluted (pence)	3	*(4.42)p*	*0.22p*	*(6.14)p*

Interim Consolidated Statement of Comprehensive Income

	Unaudited Period 1/10/18–31/3/19 £'000	Unaudited Period 1/10/17–31/3/18 £'000	Audited Year Ended 30/09/18 £'000
(Loss)/profit after tax for the period	(976)	49	(1,358)
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit and loss:			
Currency translation differences	44	(24)	(27)
Other comprehensive income/(expense) for the period	44	(24)	(27)
Total comprehensive (expense)/income for the period	(932)	25	(1,385)

Interim Consolidated Statement of Financial Position

	Unaudited As at 31/3/19 £'000	Unaudited As at 31/3/18 (restated) £'000	Audited As at 30/9/18 (restated) £'000
Non-current assets			
Property, plant and equipment	10,935	10.926	11,282
Intangible assets	3,677	3,773	3,767
Investments in equity-accounted joint ventures	224	282	204
Deferred tax asset	371	134	371
Total non-current assets	15,207	15,115	15,624
Current assets			
Inventories	2,167	2,177	2,322
Trade and other receivables	7,262	8,445	6,994
Cash in hand and at bank	511	1,515	91
Total current assets	9,940	12,137	9,407
Total assets	25,147	27,252	25,031
Current liabilities			
Trade and other payables	6,083	5,879	5,910
Loans and borrowings	4,762	4,679	3,713
Total current liabilities	10,845	10,558	9,623
Non-current liabilities			
Trade and other payables	124	-	115
Loans and borrowings	409	419	602
Deferred tax liability	379	474	379
Total non-current liabilities	912	893	1,096
Total liabilities	11,757	11,451	10,719
Net assets	13,390	15,801	14,312
Equity attributable to equity holders of the Company			
Share capital	442	442	442
Share premium account	12,938	12,938	12,938
Other reserves	1,886	1,886	1,886
Currency differences reserve	(86)	(128)	(130)
Retained earnings	(1,790)	663	(824)
Total equity	13,390	15,801	14,312

Interim Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium account £'000	Other reserves £'000	Currency differences reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2018	442	12,938	1,886	(130)	(824)	14,312
Comprehensive expense for the period						
Loss for the period	-	-	-	-	(976)	(976)
Other comprehensive income	-	-	-	44	-	44
Total comprehensive expense for the period	-	-	-	44	(976)	(932)
Contributions by and distributions to owners						
Share based payment	-	-	-	-	10	10
Total contributions by and distributions to owners	-	-	-	-	10	10
At 31 March 2019	442	12,938	1,886	(86)	(1,790)	13,390

	Share capital £'000	Share premium account £'000	Other reserves £'000	Currency differences reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2017	442	12,938	1,886	(103)	780	15,943
Comprehensive income for the period						
Profit for the period	-	-	-	-	49	49
Other comprehensive expense	-	-	-	(25)	-	(25)
Total comprehensive income for the period	-	-	-	(25)	49	24
Contributions by and distributions to owners						
Share based payment	-	-	-	-	11	11
Dividends	-	-	-	-	(177)	(177)
Total contributions by and distributions to owners	-	-	-	-	(166)	(166)
At 31 March 2018	442	12,938	1,886	(128)	663	15,801

	Share capital £'000	Share premium account £'000	Other reserves £'000	Currency differences reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2017	442	12,938	1,886	(103)	780	15,943
Comprehensive expense for the year						
Loss for the year	-	-	-	-	(1,358)	(1,358)
Other comprehensive expense	-	-	-	(27)	-	(27)
Total comprehensive expense for the year	-	-	-	(27)	(1,358)	(1,385)
Contributions by and distributions to owners						
Share based payment	-	-	-	-	19	19
Dividends	-	-	-	-	(265)	(265)
Total contributions by and distributions to owners	-	-	-	-	(246)	(246)
At 30 September 2018	442	12,938	1,886	(130)	(824)	14,312

Interim Consolidated Statement of Cash Flows

	Unaudited Period 1/10/18-31/3/19	Unaudited Period 1/10/17-31/3/18 (restated)	Audited Year ended 30/09/18 (restated)
	£'000	£'000	£'000
Cash flows from operating activities			
(Loss)/profit after tax	(976)	49	(1,358)
Adjustments for:			
Depreciation of property, plant and equipment	396	302	649
Amortisation of intangible assets	140	118	264
Finance expense	90	35	118
Share of post-tax profit of equity accounted joint ventures	(119)	(154)	(219)
Employee share-based payment charge	10	11	19
Income tax expense/(credit)	-	5	(376)
	(459)	366	(903)
(Increase)/decrease in trade and other receivables	(316)	(1,167)	352
Decrease/(increase) in inventories	133	(326)	(459)
Increase in trade and other payables	313	7	53
Cash used in operations	(329)	(1,120)	(957)
Income taxes received	7	173	182
Net cash flows from operating activities	(322)	(947)	(775)
Investing activities			
Purchase of property, plant and equipment	(88)	(438)	(890)
Purchase of intangible assets	(50)	(98)	(221)
Dividend received from equity accounted joint venture	100	115	258
Net cash used in investing activities	(38)	(421)	(853)
Financing activities			
Dividends paid	-	(177)	(265)
Proceeds from loans and borrowings	1,196	1,749	1,136
Repayment of loans and borrowings	(336)	(277)	(637)
Interest paid	(90)	(35)	(118)
Net cash from financing activities	770	1,260	116
Net increase/(decrease) in cash and cash equivalents	410	(108)	(1,512)
Cash and cash equivalents at beginning of period	(67)	1,445	1,445
Exchange gains on cash and cash equivalents	7	13	-
Cash and cash equivalents at end of period	350	1,350	(67)
Cash and cash equivalents comprise:			
Cash balances	511	1,515	91
Bank overdrafts	(161)	(165)	(158)
	350	1,350	(67)

Notes to the Interim Consolidated Financial Information

1. Accounting policies

Description of business

Autins Group is a public limited company domiciled in the United Kingdom and listed on the Alternative Investment Market of the London Stock Exchange ('AIM'). The principal activity of the Group is the supply of Noise Vibration and Harshness ('NVH') insulating materials primarily to the automotive industry. The address of the registered office is Central Point One, Central Park Drive, Rugby, Warwickshire, CV23 0WE.

Basis of preparation

In preparing these interim financial statements, the Board have considered the impact of new standards which will become applicable for the FY19 Annual Report and Accounts which deal with the year ending 30 September 2019.

With the exception of the adoption of *IFRS 15 Revenue from Contracts with Customers* and *IFRS 9 Financial Instruments*, which are both effective for accounting periods starting on or after 1 January 2018, there are not expected to be any changes in the Group's accounting policies compared to those applied at 30 September 2018.

A full description of those accounting policies are contained within our FY18 Annual Report and Accounts which are available on our website (Autins FY18 ARA).

This interim announcement has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union as effective for periods beginning on or after 1 January 2018.

New accounting standards applicable to the period

The Group has adopted the following new standards (effective 1 October 2018) in these interim financial statements:

IFRS 15 Revenue from contracts with customers (effective 1 October 2018). IFRS 15 sets out a single and comprehensive framework for revenue recognition. The guidance in IFRS 15 is considerably more detailed than previous IFRSs for revenue recognition (IAS 11 Construction Contracts and IAS 18 Revenue and associated Interpretations).

An assessment of the impact of IFRS 15 has been completed, including a comprehensive review of the contracts that exist across the Group's revenue streams. This has ascertained that for the current component contracts within the Group a single performance obligation exists (in relation to the transfer of control to the buyer, which is usually when the goods have been accepted by the customer) and that recognition under the new standard would align to the Group's current accounting policy which recognises revenue on delivery (or collection).

The nature of the tooling contracts held by the Group mean that revenue will continue to be recognised based on completion of the pre-production assessment and sign off by the relevant engineer (whether internal or third party). As such there is no significant impact on the timing of revenue recognition on the adoption of IFRS15 and the comparative Income Statement figures are reported without adjustment.

However, the classification of tooling balances, which were previously reported in inventories, will change within the statement of financial position. Having regard to the commercial terms in relation to the production and sale of tooling, IFRS 15 requires the balances to be included within contract assets and recognised within trade and other receivables.

As such, the previously reported Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows have been restated to recognise the change in presentation. There is no change in the valuation of the asset or any impact on the income statement.

In H1 18 inventories have been reduced by £358k with a corresponding increase in other receivables. For FY18 the reclassification is £231k.

IFRS 9 Financial instruments (effective 1 October 2018). IFRS 9 addresses the classification and measurement of financial assets and liabilities and replaces IAS 39. Among other things, the standard introduces a forward-looking credit loss impairment model whereby entities need to consider and recognise impairment triggers that might occur in the future (an "expected loss" model). The Board has considered the potential impact of the introduction of IFRS9 applied (as described in the FY18 ARAs) retrospectively with the low credit risk simplification practical expedient to trade receivables and inter-group balances adopted. The Board has determined that historic collection levels for trade debt do not suggest an expectation of loss and there is therefore no significant impact on numbers reported in the financial statements for the year ended 31 March 2019 or as previously presented.

New accounting standards applicable to future periods

The impact of new standards that have been issued but are not yet effective has also been considered, the most significant being IFRS 16. Whilst the Board has reviewed the implications for the Group and determined the likely impact, they have decided that early adoption is not appropriate.

IFRS 16 Leases (effective 1 January 2019). IFRS 16 is effective for accounting periods beginning on or after 1 January 2019 and will therefore impact the group results for the year ending 30 September 2020. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. Instead of recognising an operating expense for its

operating lease payments, the Group will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets, impacting profit from operations and the finance expense.

Based on the current leases in place and the Board's stated intention to apply the modified retrospective approach and certain practical expedients, it is estimated that an asset and corresponding liability of £5.8m would be accounted for as at 30 September 2019. The income statement will also be impacted, with the rent expense relating to operating leases being replaced by a straight line depreciation charge arising from the right-to-use assets and interest charges arising from lease financing which are higher in earlier years. This will result in an increased initial overall charge to the income statement estimated at £0.2m and an increase in EBITDA of £1.2 million for the year ended 30 September 2020 which will reverse over the period of the leases.

This unaudited consolidated interim financial information has been prepared in accordance with IFRS as adopted by the European Union. The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statements for the year ended 30 September 2019.

The financial information does not contain all of the information that is required to be disclosed in a full set of IFRS financial statements. The financial information for the six months ended 31 March 2019 and 31 March 2018 is unreviewed and unaudited and does not constitute the Group's statutory financial statements for those periods.

The comparative financial information for the full year ended 30 September 2018 has, however, been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

The financial information in the Interim Report is presented in Sterling, the Group's presentational currency.

Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team including the Chief Executive, Chief Financial Officer and Chairman.

The Board considers that the Group's activity constitutes one primary operating and one separable reporting segment as defined under IFRS 8. Management consider the reportable segment to be Automotive NVH. Revenue and profit before tax primarily arises from the principal activity based in the UK. All material assets are based in the UK. Management reviews the performance of the Group by reference to total results against budget.

The total profit measure is operating (loss)/profit as disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information

2 Revenue

	Unaudited Period 1/10/18–31/3/19 £'000	Unaudited Period 1/10/17–31/3/18 £'000	Audited Year ended 30/09/18 £'000
Revenue arises from:			
Component sales	13,427	15,566	28,322
Sales of tooling	230	289	921
	13,657	15,855	29,243

Segmental information

The Group currently has one main reportable segment in each year/period, namely Automotive NVH which involves provision of insulation materials to reduce noise, vibration and harshness to automotive manufacturing. Turnover and Operating Profit are disclosed for other segments in aggregate as they individually do not have a significant impact on the Group result.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those applied by the Group in the FY18 annual report and accounts after making appropriate adjustments for the impact of IFRS 9 and 15 and as disclosed in note 1.

The Group evaluates performance on the basis of operating (loss)/profit.

	Automotive NVH £'000	Others £'000	1/10/18–31/3/19 Total £'000
Group's revenue per Consolidated Statement of Comprehensive Income	12,491	1,166	13,657
Depreciation/Amortisation	536	-	536
Segment operating (loss)/profit	(1,104)	99	(1,005)
Finance expense			(90)
Share of post tax profit of equity accounted joint venture			119
Group loss before tax			(976)

Segmental information (continued)

	Automotive NVH £'000	Others £'000	As at 31/3/19 Total £'000
Additions to non-current assets	90	-	90
Reportable segment assets	24,427	-	24,427
Investment in joint ventures	224	-	224
Total Group assets	25,147	-	25,147
Reportable segment liabilities/ total Group liabilities	11,757	-	11,757

	Automotive NVH £'000	Others £'000	1/10/17–31/3/18 Total £'000
Group's revenue per Consolidated Statement of Comprehensive Income	14,735	1,120	15,855
Depreciation/Amortisation	420	-	420
Segment operating (loss)/profit	(176)	111	(65)
Finance expense			(35)
Share of post tax profit of equity accounted joint venture			154
Group profit before tax			54

	Automotive NVH £'000	Others £'000	As at 31/3/18 Total £'000
Additions to non-current assets	536	-	536
Reportable segment assets	26,970	-	26,970
Investment in joint ventures	282	-	282
Total Group assets	27,252	-	27,252
Reportable Segment liabilities/ Total Group liabilities	11,451	-	11,451

Segmental information (continued)

	Automotive NVH £'000	Others £'000	Year Ended 30/9/18 Total £'000
Group's revenue per Consolidated Statement of Comprehensive Income	27,057	2,186	29,243
Depreciation/Amortisation	913	-	913
Segment operating(loss)/profit	(1,944)	109	(1,835)
Finance expense			(118)
Share of post tax profit of equity accounted joint venture			219
Group loss before tax			(1,734)

	Automotive NVH £'000	Others £'000	As at 30/9/18 Total £'000
Additions to non-current assets	1,704	-	1,704
Reportable Segment assets	24,827	-	24,827
Investment in joint venture	204	-	204
Total Group assets	25,031	-	25,031
Reportable segment liabilities/ Total Group liabilities	10,719	-	10,719

Reporting of external revenue by location of customers is as follows:

	Unaudited Period 1/10/18–31/3/19 £'000	Unaudited Period 1/10/17–31/3/18 £'000	Audited Year ended 30/09/18 £'000
United Kingdom	11,077	13,845	24,171
Germany	2,168	1,501	3,932
Sweden	393	494	1,111
Rest of the World	19	15	29
	13,657	15,855	29,243

3 Earnings per share

	Unaudited Period 1/10/18–31/3/19 £'000	Unaudited Period 1/10/17–31/3/18 £'000	Audited Year Ended 30/09/18 £'000
(Loss)/profit used in calculating basic and diluted earnings per share	(976)	49	(1,358)
Weighted average number of £0.02 shares for the purpose of basic and diluted earnings per share ('000)	22,101	22,101	22,101
Basic and diluted earnings per share (pence)	(4.42)p	0.22p	(6.14)p

(Loss)/earnings per share are calculated based on the share capital of Autins Group plc and the earnings of the Group for all periods. There are options in place over 980,400 (H1 18: 941,048) shares that were anti-dilutive at the period end, but which may dilute future earnings per share.

4 Non-recurring and exceptional items

	Unaudited Period 1/10/18 – 31/3/19 £'000	Unaudited Period 1/10/17 – 31/3/18 £'000	Audited Year Ended 30/09/18 £'000
Adjusted operating (loss)/profit	(575)	293	(1,000)
Non-recurring costs:			
Neptune operating loss during commissioning and production ramp up phase	-	240	364
Operating (loss)/profit before non-recurring costs	(575)	53	(1,364)
Amortisation of acquired intangible assets	118	118	237
Other exceptional operating costs			
Change of Chief Executive and senior management restructuring	-	-	159
Onerous leases	-	-	75
Overhead and financing restructuring programme	312	-	-
Reported operating loss	(1,005)	(65)	(1,835)

The Company acquired 100 per cent of the issued share capital of Acoustic Insulations Limited on 29 April 2014 as part of an overall refinancing package to fund strategic investments and additional working capital to support the growth of the Group. This acquisition recognised £1,909k of intangible assets which creates an annual amortisation charge of £237k.

In response to the challenging trading conditions affecting the automotive industry the Group completed a significant overhead cost out programme in the period and sought to adjust its funding arrangements to suit a period of uncertainty. This programme required a number of redundancies (with associated costs) and additional legal and professional expenses associated with a review of the Group's overall banking facilities and structure resulting in an exceptional charge of £312k.

5 Taxation

Given the Group's trading loss and the significant losses already recognised as deferred taxation assets, no further recognition has been included in the period.