

29 March 2021



PLEXUS HOLDINGS PLC
INTERIM RESULTS FOR THE 6 MONTHS TO 31 DECEMBER 2020

Plexus Holdings plc, the AIM quoted oil and gas engineering services business and owner of the proprietary POS-GRIP® method of wellhead engineering, announces its interim results for the six months to 31 December 2020.

Financial Results

- Following the sale of the wellhead Jack-up exploration rental wellhead application business (the “Jack-up Business”) to FMC Technologies Limited (‘TFMC’), a subsidiary of major oil services provider TechnipFMC (Paris:FTI)(NYSE:FTI), on 1 February 2018, the interim results and prior periods are reported as required on a continuing and a discontinued operations basis.
- Continuing operations sales revenue £419k (2019: £49k)
- Continuing operations EBITDA loss (£1,214k) (2019: £1,809k loss)
- Continuing operations loss before tax (£1,995k) (2019: Loss £2,763k)
- Basic loss per share from continuing activities (1.99p) (2019: 2.75p loss)
- Net cash of £2.3m (2019: £4.5m)
- The Group in addition has £3.04m in financial assets (2019: £2.96m)

Operational overview

Advancing IP-led strategy to establish POS-GRIP technology in new markets via licensing and direct sales - building on historical success of North Sea Jack-up exploration where Plexus’ leak proof wellhead equipment raised standards, delivered substantial cost savings for operators and gained a significant market share. At the same time Plexus continues to reduce overhead costs without impacting on operational and R&D capabilities which are expected to be available to our partners and customers.

Licensing Agreements

Licensing/Collaborative Agreements for POS-GRIP and other proprietary Plexus IP now in place with two of the top three major international service companies:

- Signing of a non-exclusive licence for POS-GRIP surface production wellhead technology with Cameron International Limited (‘Cameron’) (a Schlumberger group company) in November 2020
- Good progress being made with Cameron regarding the development of an inaugural wellhead design incorporating the POS-GRIP method of engineering
- The new Cameron licence compliments existing IP Collaboration Agreement with TFMC

Russia and the CIS

- Strategy centred on supporting licensing partner Gusar’s ongoing efforts to pursue contracts for POS-GRIP Jack-up exploration wellheads in the Russian market

- First wellhead successfully installed as part of the inaugural contract for POS-GRIP rental wellhead equipment secured by Gusar with global energy giant Gazprom in 2019
- Follow on well planned for 2020 did not go ahead due to COVID-19 impact on drilling programmes, but activity is anticipated to return this year which potentially would deliver further revenues under this contract

Initiatives underway to expand licencing activities for additional POS-GRIP products and applications

Direct Sales Activity

- Targeting organic growth via direct sales of surface production wellheads to customers, particularly for UK and European North Sea regions
 - Surface production wellhead system order secured from Spirit Energy in July 2020
 - Sales pipeline of project activity is preserved despite delays due to the COVID-19 led economic downturn
 - Operators have generally delayed, rather than cancelled development plans due to COVID-19, meaning that most prospects remain live
 - Participating in the tender process for a range of projects
 - Interest being expressed by operators where total cost of ownership considerations, maintenance and leak free integrity, and remote monitoring are likely to become increasingly important

Outlook

Recent strengthening of the oil price, combined with the need to address the impact of reduced capital expenditure over the past year is being seen as a sign that 2022 will see a major recovery for the oil and gas sector

- Hydrocarbons, and in particular natural gas are expected to play an important role in the world economy for many years to come despite the ongoing focus on renewables
- Like many companies the full extent of the impact of COVID-19 on the Company's trade, customers and suppliers is not yet known

Chief Executive Ben van Bilderbeek said:

“In what has been without doubt a challenging 12 months for the global economy, and in particular for our industry due to the effects of the COVID-19 pandemic, the UK is, at the time of writing, making excellent progress with the rollout of its mass vaccination programme which provides cause for optimism that the green shoots of recovery can begin to surface and grow into the second half of 2021. In tandem, momentum continues to grow for a carbon neutral world, and the oil and gas industry is positioning itself to be in the mainstream rather than on the fringes of this movement. For our industry to be able to make this journey, there is a growing recognition that out-dated technologies are no longer fit for purpose and must be replaced by cleaner, more efficient, and more reliable methods and equipment in order for the industry to have any realistic chance of meeting net-zero targets. We believe that Plexus, with our field proven POS-GRIP leak-proof technology, is well positioned to maximise the opportunities that are now beginning to open up to us, especially in relation to natural gas, the cleanest fossil fuel, which it is widely reported will increasingly be used to produce hydrogen, over the coming years.

“The ongoing pandemic and associated lockdowns both in the UK and around the world, while highly disruptive, did not prevent progress being made towards rolling out the dual focused strategy we have put in place to establish our POS-GRIP technology in new markets through licencing and direct sales activity. In July 2020 we announced the award of an order for a POS-GRIP surface production wellhead system from Spirit Energy. The contract is progressing as planned, and as a result we would expect to recognise the majority of revenues from this contract in the second half of FY21.

“In terms of licencing, in November 2020 we were delighted to announce an important initial Licence Agreement with Cameron, a Schlumberger group company, the world’s leading oil services provider. We are excited about the potential that this new relationship offers for POS-GRIP technology in the surface production wellhead sector, and indeed have been very encouraged by the level of positive engagement to date by our newest licensee in these early days of the partnership. Good progress has been made in relation to the technology transfer process, and the design of an initial low-cost wellhead product is advancing. We very much look forward to updating our shareholders on progress in the months and years to come.

“The Cameron licence agreement is the third we have secured for our technology in recent years, alongside the collaboration agreement with top tier services provider TFMC and the agreement with our licence partner Gusar for the Russian and CIS markets. Building a portfolio of diversified revenue streams both in conjunction with licensees and partners, as well as organically, is central to our business model. Our technology lends itself to this. Being able to deliver a higher standard wellhead solution, particularly wherever metal to metal sealing is required opens a host of potential markets for POS-GRIP, including in the fast-growing ‘green’ space such as carbon storage, as well as geothermal which is one of many sub sectors and applications we have identified where POS-GRIP can make a difference. Nuclear energy is another, especially where exotic materials are relevant, and which do not always lend themselves to threaded connectors.

“For now, the half year results, including revenues of £419k, are in line with internal budgets and the Group’s revenues are projected to be higher in the second half of the financial year; results for the full year are anticipated to be in line with market expectations. I look forward to providing further updates on our progress.”

Chairman’s Statement

Business Progress and Operating Review

This time last year we reported to you that we were well underway with our ‘reset and rebuild’ strategy. Of course, at the same time the very early stages of the COVID-19 pandemic were underway, and there was little clarity on how this may affect not just Plexus, or even our industry, but the world economy as a whole. Oil and gas industry business activity has of course continued, but at a slower pace. From the many interactions we continue to have with customers, potential customers, and other relevant parties, it is our view that the great majority of planned activity has been delayed rather than cancelled. Whilst there is not yet clear visibility on when these delayed activities may return, there is certainly a growing feeling that our industry should be optimistic that an upturn in activity is edging ever closer, especially now that multiple vaccines have been approved and rollout programmes are well underway.

Set against this backdrop, it is therefore clear that progress in the past 12 months has not been as strong as we had been aiming for, but our view is that this is a temporary situation and that all the fundamentals supporting our strategy are still very much in place, and that we are well positioned as both the economy and our industry begin to recover.

The award of a contract from Spirit Energy in July 2020 for the supply of a POS-GRIP surface production wellhead system provided a welcome and positive start to the financial year. Much of the activity in the period under review has been devoted to the planning, procurement and manufacturing associated with this contract and I am pleased to report that we are on course to deliver on this contract as scheduled in the second half of the financial year. Along the way, we have had the opportunity to work closely with our associate engineering and manufacturing company, Kincardine Manufacturing Services Ltd ('KMS'), in which we retain a 49% stake, as KMS has been a prominent contractor in the manufacturing phase. This has proven to be a beneficial relationship for both KMS and Plexus, and most crucially, for our customers. During the period under review the Group has received a dividend of £50k from KMS with a further £50k paid post period end.

In November 2020 we announced the launch of a Licence Agreement with Cameron, a Schlumberger group company which we see as a tremendous validation of POS-GRIP technology. The licence is non-exclusive and grants Cameron rights to use POS-GRIP and HG metal-to-metal sealing technology for both conventional and unconventional oil and gas surface wellheads. Along with a capital licence fee, Plexus will earn royalties based on the number of wellheads sold, leased, rented or otherwise supplied in each calendar year up to and including 2029. The first joint development project is the design and development of competitive and technically differentiating wellhead systems, which incorporate our proprietary POS-GRIP friction-grip technology for the volume surface production market. We have been very impressed with the level of engagement and enthusiasm of our new licence partner, and we very much look forward to working closely with them on developing this initial licence agreement and hope to expand the relationship further in the years to come.

Licencing agreements are not the only path open to us to penetrate the major target market, namely surface production. Direct sales activity offers an additional route to market and, increasingly, we are being invited to tender for production projects, which can be sizeable in scale. We have a number of enquiries ongoing not only in relation to POS-GRIP wellheads for oil and gas, but also geothermal wellheads and other pressure control applications. It should be noted that production contracts generally involve longer sales cycles, and although we have no control over the timings of such awards, securing just one larger scale project would be of major significance for Plexus. Significant not just in terms of boosting our revenue profile, but also in terms of demonstrating to the industry that Plexus can supply major projects with state-of-the-art equipment as part of a full-service package that would likely include trees and valves.

Key functions that support our operations are Human Resources ('HR'), Quality Health and Safety ('QHSE'), Information Technology ('IT') and Intellectual Property (IP').

The Company maintains its Competency Management System through an internally developed system which we call 'Competency@Plexus' ('C@P'). This is monitored and accredited by OPITO, the training and qualifications standards board. The annual monitoring audit was conducted in October 2020 and despite the difficulties caused by the need to carry out the audit remotely, due to the pandemic, full accreditation was maintained with no findings having been

raised by the auditor. This is testament to the hard work of the Plexus C@P team led by HR in developing and implementing the system over the past six years, and a reflection of management's commitment to the programme.

QHSE is an important function of the Company and one that carries significant credibility in the industry. Without robust policies and procedures, it would not be possible to be considered for any contract awards by operators. With that in mind, and of course with a commitment to provide a truly safe, practical, and competent workplace for our employees, management has developed and adopted very rigorous procedures in this field. I am delighted to report that in September 2020 the Company achieved five unbroken years of zero lost time incidents ('LTIs'). Additionally, Plexus has been awarded ISO 45001:2018 certification, transitioning from OHSAS 18001.

With most employees working from home during the pandemic, as directed by the Government, Plexus has been able to rely on robust IT and security systems to ensure that neither work performance nor data security has been compromised during this period. Plexus continues to review and develop its computer network and security monitoring systems and staff have been able to do this both from the office and remotely. No unscheduled downtime has been recorded during the period.

IP - our proprietary POS-GRIP IP is of course at the core of Plexus, and fundamental to everything we do. We continue to develop our suite of IP both through patent protection and ongoing research and development. R&D activities have been able to continue throughout the period despite lockdown and many employees working from home.

Interim Results

Plexus' results for the six months to December 2020, and the activities carried out during this period, reflect the Group's ongoing strategy of moving towards the development of new revenue streams and new markets, in particular the significantly larger surface production wellhead market, both organically and with partners.

Continuing operations revenue for the six-month period ended 31 December 2020 increased to £419k, compared to the previous year's figure of £49k. The increase largely related to the revenue generated from the licensing agreement with Cameron.

During the period Plexus continued to focus on preserving Group cash by minimising spending, reducing overheads and controlling investment on capex, opex and non-essential R&D, without compromising operations.

Continuing activities administrative expenses have decreased for the six months to December 2020 to £2.64m (2019: £3.02m). Personnel numbers, including non-executive board members are in line with the prior year at 36 (2019: 37). This staff structure has been balanced in anticipation of ongoing and future organic operational opportunities, whilst also being able to further develop and support our POS-GRIP IP-led strategy involving external partners and licensees. The current staff levels are also required to maintain the operational infrastructure that has been developed to date, including maintaining the Group's Business Management System, and retaining all relevant and necessary accreditations, in addition to operational requirements.

For continuing operations, the Group has reported a loss of £2.0m which is a decrease on the prior year loss of £2.8m. The decrease in loss is driven by an increase in sales revenue in addition to some overhead costs savings. The loss comes after absorbing depreciation and amortisation costs of circa £0.9m.

The Group has not provided for a charge to UK Corporation tax at the prevailing rate of 19%. This is consistent with the prior year.

Basic loss per share for continuing operations was 1.99p per share which compares to a 2.75p loss per share for the same period last year.

The balance sheet continues to remain strong, with the current level of intangible and tangible property, plant and equipment asset values at £9.9m and £3.0m respectively illustrating the amount of cumulative investment that has been made in the business. Total asset values at the end of the period stood at £29.4m.

As at 31 December 2020 the Group has cash and cash equivalents of £3.4m, financial assets with a value of £3.0m and has drawn down £1.1m on a Lombard banking facility provided by EFG.

Outlook

To date, POS-GRIP wellheads have been deployed on over 400 wells worldwide by many blue-chip operators including BP, ENI, Gazprom, Royal Dutch Shell, and Total. While this record is a source of great pride, we firmly believe the best days for our technology lie in the future rather than in the past.

Despite having to face a number of challenges since TFMC acquired our Jack-up Business, our confidence is based on an increasingly positive narrative, both for the short and medium term. Over the next 12 months, industry indicators and commentary point towards a strong rebound in capex and drilling activity, as the drastic cutbacks seen over the previous 12 months are reversed, and as the roll-out of the global COVID-19 vaccination programme gathers pace, enabling a sustainable pick-up in economic activity and therefore in oil and gas demand to take hold.

The strength of such reports is relevant from an outlook perspective and some are worth reporting here. In the January 2021 FT article 'Oil services companies signal worst is over for sector', Jeffrey Miller, Halliburton chief executive, is quoted as saying, "2020 was the worst in our history...We view 2021 as a bit of a transition year . . . and we view 2022 as when we see the global rebalancing of supply and demand, which creates the sort of underpinning of a multiyear upcycle." According to a November 2020 report, energy consultancy Rystad agrees, "2022 should be a banner year. Spending commitments will jump to almost US\$200 billion, exceeding pre-pandemic levels, as companies push ahead with previously postponed projects." Further, the FT's Derek Brower, writing on 9 February 2021, extends the bullish timeframe further out, "The world's state-owned energy companies are set to spend \$1.9tn on new oil and gas projects by 2030." It is this forecast rebound in drilling activity that underlies our confidence in a pick-up in orders for POS-GRIP enabled wellheads, either via direct sales or via our licensing partners.

In tandem with the expected recovery in capex and drilling activity, there is an important strategic shift taking place both within and outside the energy industry whereby the narrative is increasingly being driven by the need for the world to move to net zero carbon emissions to combat climate change. For this to be achieved, the energy sector's carbon footprint needs to be eliminated or at the very least drastically reduced. A growing Environmental, Social and Corporate Governance ('ESG') movement is putting pressure on the industry and calling for operations at all stages of the oil and gas production cycle to reduce emissions by the adoption of greener, leak proof equipment and technology.

For operators, ignoring climate change is no longer an option. Fortunately for them, help in the form of advanced technical solutions and improved technology, such as POS-GRIP, is at hand.

The need for this energy transition has gained widespread acceptance in a relatively short space of time, as evidenced by the growing adoption of electric vehicles ('EV's). Conversely, so too has the acceptance that, for as long as the world is transitioning to net zero, the global economy will continue to rely on hydrocarbons for energy generation. This does not have to be a case of one step forward, two steps back for not all hydrocarbons are created equal, at least in terms of carbon emissions: natural gas sits at the top end of the clean scale with coal and oil occupying the dirtier end of the spectrum. In the words of Frans Timmermans, the European Commission's executive vice-president for the European Green Deal, as reported by the FT on 28 October 2020, "natural gas will play the role of a transitional fuel". Add to this the role natural gas plays in the production of hydrogen, which is increasingly being viewed as a viable source of clean energy, it would seem clear that the demand for natural gas is set for a further boost. To satisfy the expected step-up in demand, gas exploration and production wells will need to continue to be drilled. To satisfy the increased level of scrutiny the energy industry is under, we believe that leak-proof technologies will gain more and more attention.

With the above in mind, the Board is positive for the future. Thanks to our leak-proof applications for cleaner natural gas exploration and production wells, our tubing spools which can enhance the integrity of existing wells, and products applicable for geothermal and industries beyond oil and gas, we believe that Plexus has a role to play today and for tomorrow. The pandemic may have temporarily frozen our pipeline of bidding activity for large surface production projects, but the signs are that this situation is beginning to thaw.

While current uncertainty continues to impact timings, we are confident that a combination of returning energy demand, operators focusing on reducing costs throughout the life of a well which can be enormous where leaks result in shut-ins, and the inexorable move to net zero we will add to our range of revenue streams, both organically and with our licencees. We believe that the recent licence deal with Cameron demonstrates that our technology is highly relevant to those suppliers and operators looking to play their own part in the energy transition. Together with a capital-light licensing model, a debt-free balance sheet and a proven technology track record, Plexus is soundly placed to succeed for the benefit of our shareholders, and all stakeholders in the energy transition.

J Jeffrey Thrall

Non-Executive Chairman

26 March 2021

Plexus Holdings Plc

Unaudited Interim Consolidated Statement of Comprehensive Income

For the Six Months Ended 31 December 2020

	Six months to 31 December 2020 £'000	Six months to 31 December 2019 £'000	Year to 30 June 2020 £'000
Revenue	419	49	525
Cost of sales	(36)	(51)	(225)
Gross profit	383	(2)	300
Administrative expenses	(2,641)	(3,024)	(5,981)
Operating loss	(2,258)	(3,026)	(5,681)
Finance income	106	100	192
Finance costs	(40)	(43)	(111)
Other income	180	126	285
Share in profit of associate	17	80	265
Loss before taxation	(1,995)	(2,763)	(5,050)
Income tax credit (note 6)	-	-	992
Loss after taxation from continuing operations	(1,995)	(2,763)	(4,058)
Loss after taxation from discontinued operations	-	-	(2,549)
Loss for Year	(1,995)	(2,763)	(6,607)
Other comprehensive income	-	-	-
Total comprehensive income	(1,995)	(2,763)	(6,607)
Loss per share (note 7)			
Basic from continuing operations	(1.99p)	(2.75p)	(3.92p)
Diluted from continuing operations	(1.99p)	(2.75p)	(3.92p)
Basic from discontinued operations	-	-	(2.47p)
Diluted from discontinued operations	-	-	(2.47p)

Plexus Holdings PLC

Unaudited Interim Consolidated Statement of Financial Position

As at 31 December 2020

	31 December 2020 £'000	31 December 2019 £'000	30 June 2020 £'000
ASSETS			
Goodwill	767	767	767
Intangible assets	9,920	10,569	10,325
Property, plant and equipment (note 9)	3,076	3,618	3,273
Non-current financial asset	3,044	2,964	2,995
Investment in associate	865	937	898
Deferred tax asset	2,130	1,259	2,130
Other Receivables	-	4,515	-
Right of use asset	1,397	1,700	1,548
Total non-current assets	21,199	26,329	21,936
Inventories	1,385	733	870
Trade and other receivables	3,396	2,822	2,982
Current income tax asset	-	-	76
Cash and cash equivalents	3,384	4,481	4,087
Total current assets	8,165	8,036	8,015
TOTAL ASSETS	29,364	34,365	29,951
EQUITY AND LIABILITIES			
Called up share capital (note 12)	1,054	1,054	1,054
Shares held in treasury	(2,500)	(2,500)	(2,500)
Share based payments reserve	674	674	674
Retained earnings	26,271	32,110	28,266
Total equity attributable to equity holders of the parent	25,499	31,338	27,494
Lease liabilities	1,220	1,557	1,401
Total non-current liabilities	1,220	1,557	1,401
Trade and other payables	1,239	1,198	778
Bank Lombard facility	1,094	-	-
Current income tax liability	-	14	-
Lease liabilities	312	258	278
Total current liabilities	2,645	1,470	1,056
Total liabilities	3,865	3,027	2,457
TOTAL EQUITY AND LIABILITIES	29,364	34,365	29,951

Plexus Holdings Plc

Unaudited Interim Statement of Change in Equity

For the Six Months Ended 31 December 2020

	Called Up Share Capital	Shares Held in Treasury	Share Based Payments Reserve	Retained Earnings	Total
Balance as at 30 June 2019	1,054	(2,500)	674	34,873	34,101
Total comprehensive income for the year	–	–	–	(6,607)	(6,607)
Balance as at 30 June 2020	1,054	(2,500)	674	28,266	27,494
Total comprehensive income for the period	–	–	–	(1,995)	(1,995)
Balance as at 31 December 2020	1,054	(2,500)	674	26,271	25,499

Plexus Holdings Plc
Unaudited Interim Statement of Cash Flows
For the Six months ended 31 December 2020

	Six months to 31 December 2020	Six months to 31 December 2019	Year to 30 June 2020
	£ 000's	£ 000's	£ 000's
Cash flows from operating activities			
Loss before taxation from continuing activities	(1,995)	(2,763)	(5,050)
Loss before taxation from discontinued activities	-	-	(2,432)
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Loss before tax	(1,995)	(2,763)	(7,482)
Adjustments for:			
Depreciation, amortisation and impairment charges	864	962	1,896
(Gain) / loss on disposal of property, plant and equipment	(1)	-	6
Fair value adjustment of on financial assets	(41)	(20)	24
Share in profit of associate	(17)	(80)	(265)
Other income	(180)	(126)	(285)
Impairment of associate	-	-	134
Investment income	(65)	(80)	(192)
Interest expense	40	43	87
Write-down of other receivable	-	-	2,432
Changes in working capital:			
Increase in inventories	(515)	(35)	(172)
(Increase) / Decrease in trade and other receivables	(414)	2,126	(191)
Decrease / (increase) in trade and other payables	461	(912)	(1,328)
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Cash generated from operations	(1,863)	(885)	(5,336)
Net income taxes received	76	631	545
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Net cash used in operating activities	(1,787)	(254)	(4,791)
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Cash flows from investing activities			
Funds invested in financial instruments	(8)	(109)	(183)
Other income	180	126	285
Dividend received from associate	50	50	140
Purchase of intangible assets	(53)	(147)	(361)
Deferred proceeds from sale of discontinued operation	-	-	4,240
Interest and investment income received	65	80	192
Purchase of property, plant and equipment	(58)	(166)	(138)
Net proceeds from of sale of property, plant and equipment	1	-	6
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Net cash generated / (used) from investing activities	177	(166)	4,181
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Cash flows from financing activities			
Drawdown of banking facility	1,094	-	-
Repayment of loans	-	(75)	(75)

Repayments of lease liability	(147)	(157)	(315)
Interest paid	(40)	(19)	(65)
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Net cash inflow / (outflow) from financing activities	907	(251)	(455)
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Net decrease in cash and cash equivalents	(703)	(671)	(1,065)
Cash and cash equivalents at brought forward	4,087	5,152	5,152
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Cash and cash equivalents carried forward	3,384	4,481	4,087
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Notes to the Interim Report December 2020

1. This interim financial information does not constitute statutory accounts as defined in section 435 of the Companies Act 2006 and is unaudited.

The comparative figures for the financial year ended 30 June 2020 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors, Crowe U.K. LLP, and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The interim financial information is compliant with IAS 34 – Interim Financial Reporting.

The accounting policies are based on current International Financial Reporting Standards (“IFRS”), International Financial Reporting Interpretation Committee (“IFRIC”) interpretations and current International Accounting Standards Board (“IASB”) exposure drafts that are expected to be issued as final standards and adopted by the EU such that they are effective for the year ending 30 June 2021. These standards are subject to on-going review and endorsement by the EU and further IFRIC interpretations and may therefore be subject to change.

2. Except as described below the accounting policies applied in these interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 30 June 2020 and which are also expected to apply for 30 June 2021.

The changes in accounting policy set out below will also be reflected in the Group’s consolidated financial statements for the year ended 30 June 2021.

IFRS 16: COVID-19 related rent concessions

This amendment introduced a voluntary practical expedient, for lessees only, which can be applied to rent concessions granted as a direct result of COVID-19 if certain criteria are met. This is effective for annual periods beginning on or after 1 June 2020, and can be applied earlier – see a summary of the key changes.

A number of other amendments to standards which are discussed in a previous article include IFRS 3: Definition of a Business, Amendments to IAS 1 & IAS 8: Definition of Material, and Amendments to IAS 39, IFRS 9 and IFRS 7: Interest Rate Benchmark Reform – Phase 1.

The Directors have considered those standards, amendments and interpretations, which have not been applied in the financial statements but are relevant to the Group’s operations, that are in issue but not yet effective and do not consider that they will have a material impact on the future results of the Group.

3. This interim report was approved by the board of directors on 26 March 2021.
4. The directors do not recommend payment of an interim dividend in relation to this reporting period.

5. There were no other gains or losses to be recognised in the financial period other than those reflected in the Statement of Comprehensive Income.
6. No corporation tax provision has been provided for the six months ended 31 December 2020 (2019: nil). As a result, there is no effective rate of tax for the six months ended 31 December 2020 (2019: 0%).
7. Basic earnings per share are based on the weighted average of ordinary shares in issue during the half-year of 100,435,744 (2019: 100,435,744).
8. The Group derives revenue from the sale of its POS-GRIP friction-grip technology and associated products, and licence income derived from its various licensing agreements. These income streams are all derived from the utilisation of the technology which the Group believes is its only segment. Business activity is not subject to seasonal fluctuations.
9. Property plant and equipment

	Buildings £000	Tenant Improvements £000	Equipment £000	Assets under construction £000	Motor vehicles £000	Total £000
Cost						
As at 30 June 2019	3,699	716	5,432	-	17	9,864
Additions	41	-	144	-	-	185
Disposals	-	(2)	(183)	-	-	(185)
As at 30 June 2020	3,740	714	5,393	-	17	9,864
Additions	-	-	19	39	-	58
Transfers	-	-	39	(39)	-	-
Disposals	-	-	-	-	-	-
As at 31 December 2020	3,740	714	5,451	-	17	9,922
Depreciation						
As at 30 June 2019	1,338	466	4,252	-	4	6,060
Charge for the year	152	61	464	-	3	680
On disposals	-	(2)	(147)	-	-	(149)
As at 30 June 2020	1,490	525	4,569	-	7	6,591
Charge for the year	76	22	155	-	2	255
On disposals	-	-	-	-	-	-
As at 31 December 2020	1,566	547	4,724	-	9	6,846
Net book value						
As at 31 December 2020	2,174	167	727	-	8	3,076
As at 30 June 2020	2,250	189	824	-	10	3,273
As at 30 June 2019	2,361	250	1,180	-	13	3,804

10. Investments

	£'000
Investment in associate at 30 June 2019	907
Share of profit for the period	265
Dividends received	(140)
Impairment of investment	(134)
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Investment in associate at 30 June 2020	898
Share of profit for the period	17
Dividends received	(50)
	<hr/>
Investment in associate at 31 December 2020	865
	<hr/>

On 14 December 2018 Plexus Ocean Systems Limited acquired a 49% interest in Kincardine Manufacturing Services Limited ('KMS') for a consideration of £735k plus associated legal fees. KMS is a precision engineering company which serves the oil and gas industry. This is viewed as a long-term strategic investment by Plexus. KMS is based at Sky House, Spurryhillock Industrial Estate, Stonehaven, Aberdeenshire AB39 2NH

Following the investment Graham Stevens, Plexus' Finance Director was appointed to the board of KMS. The company remains under the control and influence of the 51% majority shareholders.

On 30 June 2020, an impairment review was undertaken. The investment has been revalued using a profit after tax earnings model. This has resulted in an impairment charge of £134k.

The summary financial information of KMS, extracted on a 100% basis from the accounts for the year to 31 December 2020 is as follows:

	2020
	£'000
Assets	2,800
Liabilities	1,621
Revenue	4,517
Profit after tax	444

11. Discontinued operations

	Six months to 31 December 2020	Six months to 31 December 2019	Year to 30 June 2020
	£'000	£'000	£'000
Revenue	-	-	-
Expenses	-	-	(2,432)
(Loss)/Profit before tax of discontinued operations	-	-	(2,432)
Income tax credit	-	-	(117)
(Loss)/Profit after tax of discontinued operations	-	-	(2,549)

12.Share Capital

	Six months to 31 December 2020	Six months to 31 December 2019	Year to 30 June 2020
	£'000	£'000	£'000
Authorised:			
Equity: 110,000,000 (June 2020 & Dec 2019: 110,000,000) Ordinary shares of 1p each	1,100	1,100	1,100
Allotted, called up and fully paid:	_____	_____	_____
Equity: 105,386,239 (June 2020 & Dec 2019: 105,386,239)	1,054	1,054	1,054
	_____	_____	_____