

06 December 2021

Versarien Plc

("Versarien", the "Company" or the "Group")

Interim Results for the six months ended 30 September 2021

Versarien Plc (AIM: VRS), the advanced engineering materials group, is pleased to announce its unaudited interim results for the six months ended 30 September 2021.

Financial Highlights

- Group revenues from continuing operations up 41% to £3.82 million (H1 2020: £2.71 million)*
- Graphene revenues up 166% to £0.93 million (H1 2020: £0.35 million)
- Adjusted LBITDA** for continuing operations reduced by 39% to £0.71 million (H1 2020: £1.16 million)
- Reported loss before tax of £3.11 million (H1 2020: £4.34 million)
- Reported loss before tax from continuing operations of £2.96 million (H1 2020: £4.31 million)
- Cash of £3.46 million at 30 September 2021 (31 March 2021: £2.36 million)

*Excludes discontinued revenues of £0.45 million (H1 2020: £0.41 million)

**Adjusted LBITDA (Loss Before Interest, Tax, Depreciation and Amortisation) excludes exceptional items, share-based payment charges and other losses)

Operational Highlights

- £1.93 million strategic investment in Versarien by GrapheneLab Co. Ltd., South Korea, together with royalty and trademark agreements
- Acquisition of Spanish graphene manufacturing assets to provide up to an additional 100 tonne powder capacity per annum
- Orders placed for the purchase of equipment to scale up ink production capacity by an additional 12,000 litres per annum
- Lease signed on new dedicated graphene production facility in Longhope, Gloucestershire
- Textile supply agreement signed with Crosslete and discussions ongoing with multiple garment suppliers

Post Period Highlights

- Grant agreement signed to support the development of Pseudo-Capacitor technology aimed at zero emissions for port-side infrastructure
- Commercial agreement signed with Superdry to produce graphene enhanced garments
- Royalty agreement signed with Gerdau S.A for the distribution of graphene masks primarily in Latin America

Neill Ricketts, CEO of Versarien, commented:

“The first half of this financial year has seen continued progress in our pursuit of commercialisation whilst increasing both production capacity and our global footprint. GSCALE remains on track with particularly pleasing results in textiles and concrete. We remain conscious of our environmental obligations which also brings commercial opportunities as we seek to solve some of the global issues and challenges using graphene and allied two dimensional materials”

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE UK VERSION OF THE MARKET ABUSE REGULATION NO 596/2014 WHICH IS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN (WITHDRAWAL) ACT 2018, AS AMENDED. ON PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INFORMATION IS CONSIDERED TO BE IN THE PUBLIC DOMAIN

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Notes to Editors:

The strategy of Versarien Plc (AIM:VRS) is to be a globally recognised graphene company with a wide portfolio of high-quality verified materials allied to the largest relevant IP portfolio supported by its own UK based research and development centre driving recurring revenue growth through its innovative graphene product applications.

For further information please see: <http://www.versarien.com>

Chairman's Statement

I referred in the annual report to the challenges that Covid-19 had presented, and to the progress that had been made in spite of the restrictions placed upon us. It is therefore extremely pleasing to be able to report continuing progress at the interim stage.

In particular, advancements in both textiles and concrete have been made and the latter brings the opportunity for significant environmental benefits. We are able to deliver on these projects with the continued support of the UK government through the IUK loan and the strategic investment from GrapheneLab Co Ltd., our partner in South Korea.

Continuing progress means we have to scale up production as demonstrated by the move to dedicated manufacturing facilities in Longhope, Gloucestershire. At this new facility we are commissioning the recently acquired equipment sourced from Spain. This is a significant step on our journey to future revenue generation.

Our global footprint and product portfolio are both important strands of our strategy to become a global player in the graphene space. We have now commissioned all the equipment acquired from Hanwha and have been able to produce high quality CVD single layer graphene suitable for use in the electronics industry.

As announced in October 2021, I will be standing down at the end of this calendar year and Diane Savory will be taking up the post. As we develop our projects, her expertise in managing a public company, chairing the Gloucestershire LEP and experience in textiles will be invaluable. I wish her well in what will be an exciting stage of Versarien's development.

James Stewart CBE
Non-executive Chairman
06 December 2021

Chief Executive Officer's Review

As described in the Annual Report, following the focus on graphene and the discontinuance of the aluminium business, segmental analysis is now split between technology and mature operations. The GSCALE project is described in each of the paragraphs below, but in the immediate future management we will be concentrating on the construction and leisure sectors whilst still progressing the described activities.

UK Technology Operations

The technology operations are now located in six countries being England, Ireland, Spain, South Korea, China and America. UK production (G) is now concentrated at our new 18,000 square foot dedicated graphene facility in Longhope, Gloucestershire housing production equipment previously located at Cheltenham as well as the newly arrived plant and equipment from Spain, which is in the process of commissioning. We are also bringing forward plans for the occupation of a 10,000 square foot innovation centre currently under construction which will include graphene enhanced concrete with polypropylene fibres in the design eliminating the need for steel rebar and providing a strong demonstrator for the technology.

Carbon fibre developments in transport (S) addresses a UK market worth £4 billion in which graphene enhanced composites can reduce weight and improve strength. Versarien has been working extensively in the area of graphene enhanced carbon fibre reinforced polymers(CFRP) for various applications, many of which can be applied to the automotive sector. Versarien was awarded a Technology Developer Accelerator Program (TDAP) grant from the Advanced Propulsion Centre (APC) in 2020 to develop an innovative low-carbon component which will result in reduced vehicle emissions. The TDAP project has overseen the development of a low weight, high strength automotive component which can be directly applied to multiple areas of any vehicle. In partnership with Lotus Cars, the University of Sheffield's Advanced Manufacturing and Research Centre (AMRC) and other supply chain partners one outcome from the project is a graphene enhanced CFRP bonnet assembly for the Lotus Evija electric sports car. Graphene enhanced CFRP in the

Lotus Evija Bonnet has achieved three key objectives:

1. Mechanical - improved mechanical performance by at least 10% compared to the base prepreg material (fibrous material pre-impregnated with a particular synthetic resin)
2. Visual - Surface quality to meet Lotus' paint specification
3. Price - Achieved a 10% -25% cost reduction

All three objectives were achieved using a hot press production process with lower capital costs and faster manufacturing. Further development will continue as Versarien and Lotus further optimise the process for use in any body panel. Several other projects are ongoing that contribute to further development of enhanced CFRPs for conventional structural supports, which could provide an innovative alternative for automotive, aerospace and rail manufacturers.

The mission for construction (C) is to reduce CO₂ emissions. 24.7 million tons of ready mixed concrete is used in the UK annually and there are 250,000 miles of roads. Significant reductions in CO₂ can be achieved by reducing the amount of cement used in ready mix whilst still maintaining strength, reducing curing and drying times and reducing or eliminating the need for steel. Introducing graphene reinforced concrete, graphene enhanced polymer fibres and recycled materials has a major impact on reducing CO₂ levels.

Opportunities exist in extending asset life by eliminating cracking, using graphene enhanced polypropylene chopped fibres to replace ferrous rebar, development of self healing concrete, faster curing without cracking, non-destructive microwave rapid repair and 3-dimensional printing.

Studies have shown improved compression strength of ~38%, improved flexural strength of between 14% and 45%, increased tensile strength of ~15%, improved water permeability of ~200%, and increased corrosion resistance.

We are working on national highways projects as well as with HS2 for printed concrete and with non-government bodies on flood defences and rail for light quick deployment of flexible design buildings as well as having trademarked Cementene™ for concrete.

Other project areas include wind turbine bases, building house rafts, water industry, flooring screed, very light rail structures, slipform roads/runways.

The mission for Polymers (A), is to reduce the amount of fossil fuel based plastics required where 3.3 million tonnes of plastic is processed in the UK alone and in particular, to increase the recyclability of packaging plastics where incorporating graphene in plastic and bio based plastic has a material effect.

Plastic packaging accounts for 44% of plastic used in the UK but 67% of plastic waste with over 2 million tonnes of plastic packaging used in the UK each year. This is mostly new rather than recycled plastic and Versarien is looking at the effect of adding graphene as a reinforcing filler into HDPE blow moulded bottles to improve the performance of recycled plastics. Pilot trials have shown a 20% weight reduction at a 1.5% - 2% loading.

We continue to work with one of the world's largest packaging companies to evaluate graphene-based coatings as well as on other projects including optical wear, airway medical suction units and other forms of packaging.

The mission for Leisure (L) is similar to polymers, in reducing the use of fossil fuel based materials, but also to improve performance, garment lifetime, recyclability and functionality. In a UK market worth an estimated £5.8 billion the use of graphene inks and graphene enhanced material fibres can make a substantial difference.

As disclosed in the recently announced agreement with Superdry we have developed a number of sample garments which is testament to the benefits of utilising Versarien's graphene technology. We continue to work with many organisations on sportswear, civilian and military clothing as well as in specialist applications such as athletic performance, fire and police.

The mission for Elastomers (E) is to improve performance, extend lifetime, recyclability and functionality in the areas of tyres and rubbers (including footwear). The global footwear market is expected to reach \$440 billion by 2026 and we are focussed on graphene reinforced biomaterials and conventional elastomers. Our work on electric vehicle tyres has proved ~5% reduction in rolling resistance which will help for greater range in electric vehicles. Abrasion is also significantly improved with a new graphene variant.

In footwear we have been able to demonstrate significant increases in tensile strength (~50%), modulus (~30%), elongation (~20%) and tear strength (~23%) when compared to reference non-graphene compounds. We are working with Enso, Vivo Barefoot and Flux on these applications.

The £1.95 million development agreement with DSTL announced in November 2020 has progressed well and we are on track to complete it in accordance with the agreed milestones.

International Technology Operations

Our international operations are also making progress. In the USA we have signed 22 confidentiality agreements, are working on 14 active projects and have 5 collaborations in place. Sectors include coatings and anticorrosion, packaging/bottling, fabrics, polymers, elastomers, thermal transfer fluids and insulation materials.

In South Korea, we have successfully relocated and commissioned the plant and equipment acquired in the transaction with Hanwha last December, clean room facilities are operational and we have been able to produce high quality CVD graphene samples. The next steps will be to begin commercialising the 100 plus patents acquired by collaborating with institutions and South Korean companies as well as working with our partners at GrapheneLab Co Ltd. on government projects. Whilst this is early stage, we are excited by the many opportunities in the South Korean market including our collaboration on biocides with SD Lab Korea.

Gnanomat in Spain is working with other Group operations on a number of projects in energy storage, biocide materials, screening, sensors, coatings and conductive inks. It has launched a number of products where graphene is combined with metal nano-particles and metal oxides whilst upgrading its manufacturing capability supported by the INN-PRESSME EU funding.

We continue to evaluate the opportunities in China whilst ensuring that we protect our IP and operate in accordance with UK Government guidelines. The macro-political environment has meant that we are now focussing on South Korea as our route to the Asian market.

Mature Businesses

Both AAC Cyroma Limited (plastic products) and Total Carbide Limited (hard wear parts) remained operational throughout the Covid-19 pandemic. Last year was challenging but I am pleased to report that sales have increased by 23% over the comparative period and that they have returned to profitability.

We have exited the aluminium business which is shown as discontinued in the financial statements. We continue to examine ways in which both mature businesses can support the technology business in the future and form synergies to improve efficiency.

Current trading and outlook

As of writing, the outlook for the pandemic is far from certain as is the economy, and we remain vigilant around costs. However, the opportunities for graphene both in the UK and abroad in textiles and concrete are areas of particular near-term focus whilst still progressing the other areas of our GSCALE project.

Neill Ricketts
Chief Executive Officer
06 December 2021

Chief Financial Officer's review

Group Results

As stated in the annual report, the aluminium business based at Cheltenham has now ceased and consequently these results are split between continuing and discontinued operations and the segmental analysis between the technology and mature businesses.

In total, Versarien's revenue for the six months ended 30 September 2021 was £4.28 million (H1 2020: £3.12 million), up £1.16 million, an increase of 37%. The revenue from the continuing businesses increased by 41% to £3.82 million up from £2.71 million. Revenue from graphene, including that recognised under the DSTL project, was up 166% to £0.93 million from £0.35 million in the comparative period.

The total loss from operations was £3.00 million (H1 2020: £4.28 million). This was after charging £0.83 million in respect of the six-monthly valuation of the Lanstead Sharing Agreements (H1 2020: £1.82 million).

The adjusted LBITDA for continuing operations was £0.71 million compared to £1.16 million, a reduction of 39% calculated as follows:

	Six months ended 30 September 2021			Six months ended 30 September 2020		
	£'000 Continuing operations	£'000 Discontinued operations	£'000 TOTAL	£'000 Continuing operations	£'000 Discontinued operations	£'000 TOTAL
Loss from operations	(2,862)	(144)	(3,006)	(4,254)	(21)	(4,275)
Depreciation and Amortisation	683	41	724	504	48	552
Share based payments	595	-	595	597	-	597
Exceptional items	41	67	108	178	-	178
Other losses	830	-	830	1,817	-	1,817
Adjusted LBITDA	(713)	(36)	(749)	(1,158)	27	(1,131)

Exceptional costs were incurred in the period of £0.11 million (H1 2020: £0.18 million), which mostly relate to the costs associated with the move to the new premises in Longhope. The reported loss before tax for the period was £3.11 million (H1 2020: £4.34 million). Group net assets at 30 September 2021 were £15.9 million (31 March 2021: £16.5 million) with cash at the period end of £3.5 million (31 March 2021: £2.4 million).

Net cash used in operating activities was £1.19 million (H1 2020: £0.75 million), investment in development costs and equipment was £1.87 million (H1 2020: £0.17 million) and principal lease payments were £0.39 million (H1 2020: £0.48 million) giving total cash outflows of £3.45 million (H1 2020: £1.40 million) These activities were financed by net funds received from the Lanstead sharing agreements of £1.80 million (H1 2020: £0.93 million), net loans received of £1.11 million (H1 2020: £1.96 million) and net funds received from the share issue to GrapheneLab Co Ltd. of £1.90 million (H1 2020: £Nil) totalling £4.81 million (H1 2020: £2.89 million). The surplus of £1.36 million (H1 2020: £1.49 million) resulted in reduced drawings on the invoice finance facilities of £0.26 million (H1 2020: £0.64 million) thus increasing cash at the period-end by £1.10 million (H1 2020: £0.85 million). As we progress our GSCALE project we continue to draw on the £5 million IUK loan facility, repayment of which is due to commence in 2024.

The mature business segment is seeing increased revenues albeit not yet to pre-covid levels and an overall return to profitability. We continue to maintain strict control over costs.

In summary, it is pleasing to report that the Group's financial results are showing revenue recovery, significantly reduced losses and an improvement in cash resources as we continue to focus on expanding our production facilities with our continued focus on GSCALE.

Chris Leigh
Chief Financial Officer
06 December 2021

Consolidated Interim Financial Statements

Group statement of comprehensive income

For the half year ended 30 September 2021

	Notes	30 September 2021 Unaudited £'000	30 September 2020 Unaudited £'000
Continuing operations			
Revenue	3	3,824	2,709
Cost of sales		(2,744)	(2,310)
Gross profit		1,080	399
Other operating income		88	72
Other losses		(830)	(1,817)
Operating expenses (including exceptional items)		(3,200)	(2,908)
Loss from operations before exceptional items		(2,818)	(4,076)
Exceptional items	4	(44)	(178)
Loss from operations		(2,862)	(4,254)
Finance charge		(96)	(58)
Loss before income tax		(2,958)	(4,312)
Income Tax	5	-	-
Loss from continuing operations		(2,958)	(4,312)
Loss from discontinued operations	2	(155)	(27)
Loss for the period		(3,113)	(4,339)
Loss attributable to:			
– Owners of the parent company		(3,021)	(4,158)
– Non-controlling interest		(92)	(181)
		(3,113)	(4,339)
Loss per share attributable to the equity holders of the Company:			
Basic and diluted loss per share	6	(1.56)p	(2.45)p

There is no other comprehensive income for the year.

The other losses in the period relates to the fair value assessment of the Lanstead sharing agreements at the balance sheet date.

Group statement of financial position

As at 30 September 2021

	Note	30 September 2021 Unaudited £'000	31 March 2021 Audited £'000
Assets			
Non-current assets			
Intangible Assets	7	10,397	9,706
Property, plant and equipment		4,865	4,119
Deferred taxation		25	25
Trade and other receivables		40	772
		15,327	14,622
Current assets			
Inventory		1,666	1,814
Trade and other receivables		4,391	6,449
Cash and cash equivalents		3,462	2,359
		9,519	10,622
Total assets		24,846	25,244
Equity			
Called up share capital		1,941	1,899
Share premium		34,864	33,003
Merger reserve		1,256	1,256
Share-based payment reserve		3,844	3,249
Accumulated losses		(24,646)	(21,625)
Equity attributable to owners of the parent company		17,259	17,782
Non-controlling interest		(1,380)	(1,288)
Total equity		15,879	16,494
Liabilities			
Non-current liabilities			
Trade and other payables		1,308	1,222
Deferred taxation		67	67
Innovate Loan		3,341	2,260
Long-term borrowings		304	356
		5,020	3,905
Current liabilities			
Trade and other payables		3,162	3,748
Provisions		119	119
Invoice discounting advances		376	631
Current portion of long-term borrowings		290	347
		3,947	4,845
Total liabilities		8,967	8,750
Total equity and liabilities		24,846	25,244

Group statement of changes in equity

For the half year ended 30 September 2021

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Share-based payment reserve £'000	Accumulated losses £'000	Non-controlling interest £'000	Total equity £'000
At 1 April 2020 (audited)	1,697	25,497	1,256	2,056	(13,846)	(999)	15,661
Loss for the period	-	-	-	-	(4,158)	(181)	(4,339)
Share-based charge	-	-	-	597	-	-	597
At 30 September 2020 (unaudited)	1,697	25,497	1,256	2,653	(18,004)	(1,180)	11,919
Issue of shares	202	7,506	-	-	-	-	7,708
Loss for the period	-	-	-	-	(3,621)	(108)	(3,729)
Share-based payments	-	-	-	596	-	-	596
At 31 March 2021 (audited)	1,899	33,003	1,256	3,249	(21,625)	(1,288)	16,494
Issue of shares	42	1,861	-	-	-	-	1,903
Loss for the period	-	-	-	-	(3,021)	(92)	(3,113)
Share-based payments	-	-	-	595	-	-	595
At 30 September 2021 (unaudited)	1,941	34,864	1,256	3,844	(24,646)	(1,380)	(15,879)

Included within the merger reserve is £53,000 in respect of the merger with Versarien Technologies Limited (now Versarien Graphene Limited) and £964,000 in respect of the acquisition of Total Carbide Limited and £239,000 in respect of the acquisition of AAC Cyroma Limited.

Statement of Group cash flows

For the half year ended 30 September 2021

	Six months ended 30 September 2021 Unaudited £'000	Six months ended 30 September 2020 Unaudited £'000
Cash flows from operating activities		
Cash used in operations	(1,081)	(683)
Interest paid	(107)	(64)
Net cash used in operating activities	(1,188)	(747)
Cash flows from investing activities		
Purchase of intangible assets	(853)	(169)
Purchase of property, plant and equipment	(1,018)	(1)
Net cash used in investing activities	(1,871)	(170)
Cash flows from financing activities		
Share issue	1,926	-
Share issue costs	(23)	-
Principal payment of leases under IFRS 16	(386)	(480)
Innovate UK loan received	1,081	1,964
Net proceeds from CBIL loan	25	-
Funds received from Lanstead Sharing Agreement	1,794	925
Net invoice discounting advances	(255)	(643)
Net cash generated from financing activities	4,162	1,766
Increase in cash and cash equivalents	1,103	849
Cash and cash equivalents at start of period	2,359	1,657
Cash and cash equivalents at end of period	3,462	2,506

Note to the statement of Group cash flows

For the half year ended 30 September 2021

	Six months ended 30 September 2021 Unaudited £'000	Six months ended 30 September 2020 Unaudited £'000
Loss before income tax	(3,113)	(4,339)
Adjustments for:		
Share-based payments	595	597
Depreciation and amortisation	724	552
Disposal of non-current assets	87	4
Finance cost	107	64
Loss on FV movement of share agreement	830	1,817
Decrease in inventories	148	242
Decrease in trade and other receivables	166	447
(Decrease) in trade and other payables	(625)	(67)
Cash used in operations	(1,081)	(683)

Discontinued operations	Six months ended 30 September 2021 Unaudited £'000	Six months ended 30 September 2020 Unaudited £'000
Net cash generated/(used) in operating activities	122	(7)
Net cash used in investing activities	(3)	-
Net cash generated/(used) from financing activities	(118)	15
Increase in cash and cash equivalents from discontinued operations	1	8

Notes to the unaudited interim statements

For the half year ended 30 September 2021

1. Basis of preparation

Versarien Plc is an AIM quoted company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company's registered office is Units 1A-D, Longhope Business Park, Monmouth Road, Longhope, Gloucestershire, GL17 0QZ.

The interim financial statements were prepared by the Directors and approved for issue on 06 December 2021. These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2021 were approved by the Board of Directors on 16 August 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

As permitted, these interim financial statements have been prepared in accordance with UK AIM Rules and UK-adopted IAS 34, "Interim Financial Reporting". They should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with UK-adopted international accounting standards, consistent with the IFRS framework adopted in UK law. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2021, as described in those annual financial statements. Where new standards or amendments to existing standards have become effective during the year, there has been no material impact on the net assets or results of the Group.

These interim financial statements have been prepared on a going concern basis using similar assumptions to those made in the statutory accounts to 31 March 2021.

Certain statements within this report are forward looking. The expectations reflected in these statements are considered reasonable. However, no assurance can be given that they are correct. As these statements involve risks and uncertainties the actual results may differ materially from those expressed or implied by these statements. The interim financial statements have not been audited.

2. Discontinued operations

On 5 August, within the preliminary results, the Group announced its decision to exit the non-core aluminium business of Versarien Technologies Limited based in Cheltenham. The company has been re-named Versarien Graphene Limited and will be used as the revenue generating entity for UK graphene sales whilst 2-DTech Limited and Cambridge Graphene Limited will continue as the UK research and development arms of the graphene business. Financial information relating to the discontinued operation is set out below.

	Notes	Six months ended 30 September 2021 Unaudited £'000	Six months ended 30 September 2020 Unaudited £'000
Revenue	3	451	408
Cost of sales		(363)	(297)
Gross profit		88	111
Other operating income		1	2
Other losses		-	-
Operating expenses (including exceptional items)		(233)	(134)
Loss from operations before exceptional items		(80)	(21)
Exceptional items	4	(64)	-
Loss from operations		(144)	(21)
Finance charge		(11)	(6)
Loss before income tax		(155)	(27)
Income Tax	5	-	-
Loss from discontinued operations		(155)	(27)

3. Segmental information

The segment analysis for the six months to 30 September 2021 is as follows:

	Central £'000	Technology Businesses £'000	Mature Businesses £'000	Discontinued Operations £'000	Intra-group Adjustments £'000	TOTAL £'000
Revenue	-	925	2,899	451	-	4,275
Gross Margin	-	254	826	88	-	1,168
Other gains/(losses)	(830)	-	-	-	-	(830)
Other operating income	-	86	2	1	-	89
Operating expenses	(1,070)	(1,379)	(755)	(233)	4	(3,433)
(Loss)/ profit from operations	(1,900)	(1,039)	73	(144)	4	(3,006)
Finance income/(charge)	(47)	(13)	(36)	(11)	-	(107)
(Loss)/profit before tax	(1,947)	(1,052)	37	(155)	4	(3,113)

The segment analysis for the six months to 30 September 2020 is as follows:

	Central £'000	Technology Businesses £'000	Mature Businesses £'000	Discontinued Operations £'000	Intra-group Adjustments £'000	TOTAL £'000
Revenue	-	347	2,362	408	-	3,117
Gross Margin	-	(71)	470	111	-	510
Other gains/(losses)	(1,817)	-	-	-	-	(1,817)
Other operating income	-	70	2	2	-	74
Operating expenses	(1,191)	(945)	(763)	(134)	(9)	(3,042)
(Loss)/ profit from operations	(3,008)	(946)	(291)	(21)	(9)	(4,275)
Finance income/(charge)	(4)	(22)	(32)	(6)	-	(64)
(Loss)/profit before tax	(3,012)	(968)	(323)	(27)	(9)	(4,339)

4. Exceptional items

	Six months ended 30 September 2021 Unaudited £'000	Six months ended 30 September 2020 Unaudited £'000
Relocation and restructuring costs	108	6
Costs relating to expansion in China	-	70
Costs relating to setting up of the Korean subsidiary	-	6
Costs relating to asset purchase from Hanwha	-	85
Other	-	11
	108	178

5. Taxation

The tax charge on the results for the period has been estimated at £nil (2020: £nil). At the last year end the Group had £19.4 million of trading losses carried forward to set-off against future trading profits.

6. Loss per share

The loss per share has been calculated by dividing the loss after taxation of £3,021,000 (2020: £4,158,000) by the weighted average number of shares in issue of 193,845,746 (2020: 169,682,290) during the period.

The calculation of the diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares on the assumed conversion of all dilutive options. However, in accordance with IAS33 "Earnings per Share", potential Ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share. As at 30 September 2021 there were 14,677,130 (2020: 14,677,130) potential Ordinary shares that have been disregarded in the calculation of diluted earnings per share as they were considered non-dilutive at that date.

7. Intangible assets

	30 September 2021 Unaudited £'000	31 March 2021 Audited £'000
Goodwill	3,555	3,555
Customer relationships/order books	14	27
Development costs	3,297	2,453
Licence	51	58
Intellectual property	3,480	3,613
Total	10,397	9,706

8. Dividends

As stated in the 2013 AIM Admission document, the Board's objective is to continue to grow the Group's business and it is expected that any surplus cash resources will, in the short to medium term, be re-invested into the research and development of the Group's products. In view of this, no dividend is declared and the Directors will not be recommending a dividend for the foreseeable future. However, the Board intends that the Company will recommend or declare dividends at some future date once they consider it commercially prudent for the Company to do so, bearing in mind its financial position and the capital resources required for its development.

9. Interim Report

This interim announcement is available on the Group's website at www.versarien.com