The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

4 December 2018

MARLOWE PLC
Half Year Results FY 2019

Marlowe plc ("Marlowe", the "Company" or the "Group"), the support services group focused on acquiring and developing companies that provide critical testing and maintenance services, announces its unaudited results for the six-month period ended 30 September 2018 (“Interim Report”).

ADJUSTED RESULTS[1] - Continuing operations	HY 2019	HY 2018	% Change
Revenue (£m)	56.4	36.0	57%
EBITDA (£m)*	5.0	3.1	59%
Operating profit (£m)**	4.2	2.6	59%
Profit before tax (£m)**	3.9	2.4	60%
EPS (p)	8.8	6.2	41%

[1] Refer to Note 4 of the Consolidated Interim Report for a reconciliation between adjusted and statutory results
** Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA")*
*** Before amortisation of intangible assets, share based payments, acquisition and restructuring costs*

STATUTORY RESULTS - Continuing operations	HY 2019	HY 2018	% Change
Revenue (£m)	56.4	36.0	57%
Operating profit (£m)	1.0	0.7	32%
Profit before tax (£m)	0.7	0.5	26%
Basic earnings per share (p)	1.7	1.2	35%
Net cash (£m)	4.9	3.2	55%

Summary:

- Revenue up 57% to £56.4m; current 12 month run-rate revenues of approximately £130m
- Adjusted EBITDA up 59% to £5.0m; adjusted profit before tax up 60% to £3.9m
- Oversubscribed placing to raise £20m completed in July 2018, adjusted EPS up 41%
- Completion of four acquisitions during the period and a further two since the period end, extending the scale and breadth of the Group and, in particular, the Water Treatment & Air Quality division
- Adjusted EBITDA for Fire & Security and Water & Air up 18% and 114% respectively
- New £30m debt facility to provide further resources for the Group’s acquisition strategy
- Net cash of £4.9m at period end
- Well-developed pipeline of acquisition opportunities to continue to add further scale and capabilities to the Group focused on regulated and health and safety related service sectors
- Appointment of Kevin Quinn to the Board as Non-Executive Director and Chairman Designate

Commenting on the results Alex Dacre, Chief Executive, said:

"We are pleased with the Group's performance in the first half, during which we delivered further profitable growth and made good progress in the execution of our strategy. We will continue to pursue our strategy of organic and acquisitive growth and are well positioned to gain further market share across all of our business streams. The second half of the year has started well and, taking into account good trading across our divisions supplemented by the positive contribution of recent acquisitions, we expect to deliver a full year performance ahead of current market expectations."

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CHIEF EXECUTIVE'S REVIEW

RESULTS SUMMARY AND STRATEGY

The Group performed strongly during the first half of the financial year with further significant improvements in revenue, profit and earnings per share, alongside significant M&A activity and further focus and investment on operational improvements. Both divisions, Fire Protection & Security Systems ("Fire & Security") and Water Treatment & Air Quality ("Water & Air"), continued to deliver on their growth strategies, with the integration of the acquisitions completed in the period proceeding to plan. During the first half, the Group acquired four businesses across our two divisions, with two further acquisitions following the period-end. The Group has continued to execute its strategy at pace in the first half and our run rate revenues are now in the region of £130m (HY 2018: c. £80m).

Adjusted EBITDA for the six months to 30 September 2018 grew by 59% to £5.0m (HY 2018: £3.1m) on sales of £56.4m (HY 2018: £36.0m), an increase of 57%.

Adjusted profit before tax before exceptional items, amortisation and share based payments grew 60% to £3.9m (HY 2018: £2.4m). Adjusted earnings per share for the period increased by 41% to 8.8p (HY 2018: 6.2p).

In July, the Group raised approximately £20m through an oversubscribed share placing which, when combined with our recently agreed £30m debt facility, provides us with the funding for the Group to continue its acquisition-led growth strategy and pursue the opportunities that we have identified.

Marlowe's strategy has swiftly developed since our formation and admission to AIM in April 2016 and is now focused on attractive health and safety related service markets that are governed by statutory compliance regulations: our Group's key competitive strength and differentiator is that it provides a range of closely-related critical testing and maintenance services each of which is delivered by one of our specialist Fire & Security or Water & Air businesses. Individually, these businesses are leaders in their fields but together form a Group that can provide our customers with a comprehensive and integrated approach to their safety, regulatory compliance and the upkeep of the building systems they rely on.

Our strategy for growth is focused on building the Group into the leader in the provision of critical and regulated testing, maintenance and risk management services to commercial properties across the UK through further organic growth and targeted acquisitions.

The two key recent events were the acquisition of Suez Water Conditioning Services ("Suez WCS"), significantly extending the scale and breadth of our water treatment and hygiene activities, and the acquisition of Tersus Consultancy ("Tersus"), broadening the Group's testing and inspection capabilities.

The acquisition in August of Suez WCS is a further significant step in our strategy of consolidating the UK water treatment market and strengthens our position as a leading national player. Our run-rate annual revenues related to water treatment and hygiene services are now in the region of £40m, giving us the critical mass to enhance service efficiency. As a result of the acquisition, the Group now benefits from the capability to manufacture certain chemicals used in water treatment applications, further strengthening our customer proposition in this market.

The acquisition in October of Tersus extends the Group's capabilities to provide a range of testing, inspection and training services with a focus on the risk of hazardous materials in commercial buildings. Tersus' activities are highly complementary to those of DCUK, which the Group acquired in July 2017. The market Tersus occupies shares attractive key characteristics with the Group's other service markets, including a significant element of non-discretionary spend, strong regulatory and legislative drivers, a degree of operational and technical complexity which favours outsourcing, and the same channel to market, which provides opportunities for cross-selling. This market is currently highly fragmented and offers significant scope for consolidation. Both Suez WCS and Tersus have traded in line with expectations since acquisition and their integration programmes are on track.

FIRE & SECURITY

Our Fire & Security division delivered adjusted EBITDA of £2.5m (HY 2018: £2.1m) and adjusted operating profit of £2.1m (HY 2018: £1.7m) on revenues of £29.9m (HY 2018: £26.1m) with the contribution of the recently acquired Flamefast Fire Systems and Island Fire Protection supplementing organic growth.

The division now comprises the twelve acquisitions that have been conducted since April 2016, one of which was completed following the period-end, which have been merged to form one of the UK's market leaders in the provision of a broad range of integrated Fire & Security services. This sector offers significant advantages to operators with national coverage and scale as customers continue to consolidate their suppliers and to benefit from the competitive advantages offered by larger service providers. Flamefast Fire Systems has now been fully integrated into the Group, and we have closed two further regional offices as anticipated. In April we completed the acquisition of Island Fire Protection, which has performed in line with expectations since acquisition. Our focus continues to be on growing our base of contracted maintenance revenues. We have made good progress on this objective and refocused acquired businesses towards these recurring revenues during their integration programmes to enhance our forward revenue visibility.

Our investments in technology are progressing to plan, with the entire division now operating from a unified IT operating platform, significantly improving control and leading to improvements in efficiency in back office processes and service delivery. Our focus within the division has continued to be on investing in the development of our nationwide operating platform in preparation for further growth, alongside developing and investing in our engineering teams to enhance standards of service and compliance at customers' sites. In a market that depends to a large extent upon the technical expertise of our field-based engineers, attracting and retaining talent is expected to be a continued focus of our operations. We expect our broad-based initiatives to continue to deliver improvements in our operating margins in the medium term and our near term operational focus continues to be on leveraging our increased scale.

WATER & AIR

Our Water & Air division traded strongly during the first half with adjusted EBITDA of £3.1m (HY 2018: £1.4m) and adjusted operating profit of £2.7m (HY 2018: £1.3m) on revenues of £26.5m (HY 2018: £9.9m) which grew by 166% following good organic growth and significant M&A activity.

Our water treatment and hygiene business has been formed through the acquisition and integration of seven businesses, the most recent of which, Suez WCS, was acquired in August 2018. This acquisition has significantly developed the scale and scope of the business, making us one of the leading players in the market and broadening our capabilities into the manufacture of water treatment chemicals, further strengthening our competitive position. During the period we also acquired Kingfisher Environmental, further extending the Group's capabilities and geographic footprint. The integration programmes for both businesses are on track and we expect synergies to exceed those identified at the time of acquisition.

Our air quality activities comprise of the activities of DCUK, the market leader in ventilation hygiene and contamination remediation, and Tersus Consultancy which was acquired during October significantly extending our capabilities into the complementary testing and inspection market. DCUK traded well during the period and delivered strong organic growth, particularly within the ventilation hygiene market which remains immature and continues to benefit from increased regulatory enforcement. We have also been able to accelerate growth through cross-selling air quality services to other Group customers.

In May we acquired the business and assets of Forest Environmental, which was immediately integrated into DCUK extending the scale of our contamination remediation activities with the addition of some large and attractive blue-chip customers.

We continue to see the benefits of our increased scale and the effectiveness of our focus on operating efficiencies across the division.

BALANCE SHEET

Group net assets at 30 September 2018 were £68.2m (31 March 2018: £48.1m) reflecting the proceeds of the £20m share placing in July.

Net cash at 30 September 2018 was £4.9m (31 March 2018: net debt £2.9m). Following the recent refinancing, the Group's debt facility comprises a £30m revolving credit facility and a £15m accordion facility, giving the Group access to significant further resources to support its acquisition-led growth strategy.

CASH FLOW

The net cash generated from operations in the period was £1.9m (HY 2018: £0.9m), including a net working capital outflow of £3.1m (HY 2018: outflow £2.2m). Post-acquisition working capital investments in acquired businesses, in particular Forest Environmental and Suez WCS, amounted to approximately £2.0m of this outflow with the remainder a result of further organic growth across the Group.

NON-IFRS MEASURES

The Interim Report includes measures which are not defined by generally accepted accounting principles such as IFRS. We believe this information, along with comparable IFRS measures, is useful as it provides investors with a basis for measuring the operating performance of the Group on a comparable basis. The Board and our managers use these financial measures to evaluate our operating performance. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Similarly, non-IFRS measures as reported by us may not be comparable with similar measures reported by other companies. For further information on the reconciliation between IFRS and non-IFRS measures refer to Note 2 and 4 of the Notes to the Consolidated Interim Report.

BOARD

As separately announced today we are delighted to welcome Kevin Quinn to the Board as Non-Executive Director and Chairman Designate as the Group prepares for significant further planned growth. He is expected to become Chairman upon the retirement of Derek O'Neill following the end of the Group's current financial year.

Kevin has extensive experience of the FTSE 250 support services sector, gained through his 13-year tenure as Chief Financial Officer at Berendsen plc, a leading European textile service business, where he played a significant role in its growth from a market capitalisation of less than £700 million during 2005 to a total implied equity value of approximately £2.2 billion as part of its sale to Elis SA in 2017. Prior to Berendsen, Kevin held a number of senior finance roles at Amersham plc and was previously a partner at PriceWaterhouseCoopers. He is currently a Non-Executive Director and Chair of the Audit Committee at Benchmark Holdings plc.

PEOPLE

Since our first acquisition in April 2016 our Group has rapidly increased in scale and now employs over 1,700 people across the UK. As we continue to grow and develop, both organically and through acquisition, we have been fortunate to be able to attract such a high calibre of people to the Marlowe Group who buy into our collective vision and are looking to progress their careers with us, whilst sharing in our continued success. As a service business our Group is predicated upon the continued professionalism, technical expertise and significant contribution of all of our people. The strength of these results reflects this contribution.

OUTLOOK

Marlowe's defensive market qualities, strong channel to market, organic growth momentum and potential to acquire new businesses strongly position us to continue to create shareholder value. The integration of our acquisitions is proceeding to plan and we have a well-developed pipeline of attractive opportunities to add further scale to Marlowe as we continue to implement our strategy of building the leader in the provision of critical and regulated testing, maintenance and risk management services to commercial properties across the UK through further organic and acquisition-led growth.

The second half of the year has started well and, taking into account good trading across our divisions supplemented by the positive contribution of recent acquisitions, we expect to deliver a full year performance ahead of current market expectations.

Alex Dacre
Chief Executive **4 December 2018**

Independent review report to Marlowe plc

Introduction

We have been engaged by Marlowe plc (the "Company") to review the financial information in the half-yearly financial report for the six months ended 30 September 2018 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes. We have read the other information contained in the half-yearly financial report which comprises only the Chief Executive's Review, and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Independent Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our review work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM Rules for Companies of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of Marlowe plc and its subsidiaries (the "Group") are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

Our responsibility

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report of the Company for the six months ended **30 September 2018** is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
4 December 2018

Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2018

	Note	Unaudited six months ended 30 September 2018 £'m	Unaudited six months ended 30 September 2017 £'m	Audited year ended 31 March 2018 £'m
Revenue	2	56.4	36.0	80.6
Cost of sales		(36.3)	(23.7)	(54.2)
Gross profit		20.1	12.3	26.4
Administrative expenses		(15.9)	(9.7)	(20.2)
Acquisition and other costs	2	(3.2)	(1.9)	(6.2)
Operating profit		1.0	0.7	-
Finance costs		(0.3)	(0.2)	(0.4)
Profit/(loss) before tax		0.7	0.5	(0.4)
Income tax charge	3	(0.1)	(0.1)	(0.3)
Profit/(loss) and total comprehensive income for the period from continuing operations		0.6	0.4	(0.7)
Profit/(loss) attributable to owners of the parent		**0.6**	**0.4**	**(0.7)**
Earnings per share attributable to owners of the parent (pence)				
Total				
- Basic	4	1.7p	1.2p	(2.2p)
- Diluted	4	1.7p	1.2p	(2.2p)

Consolidated Statement of Changes in Equity
For the six months ended 30 September 2018

	Share capital £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 April 2017	15.5	18.7	0.3	0.5	35.0
Profit for the period	-	-	-	0.4	0.4
Total comprehensive income for the period	**-**	**-**	**-**	**0.4**	**0.4**
Transaction with owners					
Issue of share capital	1.7	11.6	-	-	13.3
Issue costs	-	(0.3)	-	-	(0.3)
Share-based payments charge	-	-	0.2	-	0.2
	1.7	**11.3**	**0.2**	-	**13.2**
Balance at 30 September 2017 (unaudited)	17.2	30.0	0.5	0.9	48.6
Balance at 1 October 2017	17.2	30.0	0.5	0.9	48.6
Loss for the period	-	-	-	(1.1)	(1.1)
Total comprehensive income for the period	**-**	**-**	**-**	**(1.1)**	**(1.1)**
Transaction with owners					
Issue of share capital	0.1	0.4	-	-	0.5
Issue costs	-	-	-	-	-
Share-based payments charge	-	-	0.1	-	0.1
	0.1	**0.4**	**0.1**	-	**0.6**
Balance at 31 March 2018 (audited)	17.3	30.4	0.6	(0.2)	48.1
Balance at 1 April 2018	17.3	30.4	0.6	(0.2)	48.1
Profit for the period	-	-	-	0.6	0.6
Total comprehensive income for the period	**-**	**-**	**-**	**0.6**	**0.6**
Transaction with owners					
Issue of share capital	2.1	17.9	-	-	20.0
Issue costs	-	(0.7)	-	-	(0.7)
Share-based payments charge	-	-	0.2	-	0.2
	2.1	**17.2**	**0.2**	-	**19.6**
Balance at 30 September 2018 (unaudited)	19.4	47.6	0.8	0.4	68.2

Consolidated Statement of Financial Position
At 30 September 2018

	Note	Unaudited 30 September 2018 £'m	Unaudited 30 September 2017 £'m	Audited 31 March 2018 £'m
ASSETS				
Non-current assets				
Intangible assets	6	50.1	37.3	42.4
Property, plant and equipment		6.2	4.5	4.2
Deferred tax asset		0.1	0.1	-
		56.4	**41.9**	**46.6**
Current assets				
Inventories		3.3	2.1	2.7
Trade and other receivables		34.1	22.0	24.6
Cash and cash equivalents		17.2	10.7	7.7
		54.6	**34.8**	**35.0**
Total assets		**111.0**	**76.7**	**81.6**
LIABILITIES				
Current liabilities				
Trade and other payables		(28.2)	(18.5)	(19.9)
Financial liabilities - borrowings	8	(3.0)	(1.8)	(2.3)
Other financial liabilities		(0.8)	(0.3)	(0.3)
Current tax liabilities		(0.4)	(0.6)	(0.5)
Provisions		(0.2)	(0.2)	(0.2)
		(32.6)	**(21.4)**	**(23.2)**
Non-current liabilities				
Financial liabilities - borrowings	8	(8.2)	(5.2)	(7.7)
Deferred tax liabilities		(1.7)	(1.3)	(1.3)
Other financial liabilities		(0.3)	(0.2)	(1.3)
		(10.2)	**(6.7)**	**(10.3)**
Total liabilities		**(42.8)**	**(28.1)**	**(33.5)**
Net assets		**68.2**	**48.6**	**48.1**
Equity				
Share capital		19.4	17.2	17.3
Share premium account		47.6	30.0	30.4
Other reserves		0.8	0.5	0.6
Retained earnings		0.4	0.9	(0.2)
Equity attributable to owners of parent		**68.2**	**48.6**	**48.1**

Consolidated Statement of Cash Flows

For the six months ended 30 September 2018

	Note	Unaudited six months ended 30 September 2018 £'m	Unaudited six months ended 30 September 2017* £'m	Audited year ended 31 March 2018* £'m
Cash flows from operating activities				
Net cash generated from operations	11	1.9	0.9	3.2
Net finance costs		(0.2)	(0.2)	(0.4)
Income taxes paid		(0.4)	(0.4)	(0.4)
Net cash generated from operating activities before restructuring costs		**1.3**	**0.3**	**2.4**
Restructuring costs		(1.9)	(1.0)	(3.6)
Net cash used in operating activities		**(0.6)**	**(0.7)**	**(1.2)**
Cash flows from investing activities				
Purchases of property, plant and equipment	2	(0.9)	(0.2)	(0.5)
Disposal of property, plant and equipment		0.2	0.1	0.3
Purchase of subsidiaries including acquisition costs, net of cash acquired		(9.5)	(7.3)	(11.2)
Net cash flows used in investing activities		**(10.2)**	**(7.4)**	**(11.4)**
Cash flows from financing activities				
Proceeds from share issues		20.0	10.0	10.0
Cost of share issues		(0.7)	(0.3)	(0.3)
Repayment of borrowings		(2.3)	(2.5)	(5.2)
New bank loans raised		3.5	2.0	6.7
Finance lease repayments		(0.3)	(0.2)	(0.7)
Other financing activities		0.1	2.0	2.0
Net cash generated in financing activities		**20.3**	**11.0**	**12.5**
Net increase/(decrease) in cash and cash equivalents		9.5	2.9	(0.1)
Cash and cash equivalents at start of period		7.7	7.8	7.8
Cash and cash equivalents at the end of period		**17.2**	**10.7**	**7.7**
Cash and cash equivalents shown above comprise:				
Cash at bank		17.2	10.7	7.7

* See Note 1 for details of a prior year/period presentational restatement

Notes to the Consolidated Interim Report
For the six months ended 30 September 2018

1 Basis of preparation

Basis of preparation

The consolidated interim financial information of the Group for the six months ended 30 September 2018 was approved by the Board of Directors and authorised for issue on 4 December 2018. The disclosed figures are not statutory accounts in terms of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2018, on which the auditors gave an audit report which was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies. The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union.

The comparative figures for the financial year ended 31 March 2018 and the six months ended 30 September 2017 are consistent with the Group's annual financial statements and interim financial statements respectively.

Going concern

Based on the Group's cash flow forecasts and projections, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis of accounting in preparing these interim financial statements.

Accounting policies

This interim report has been prepared on a basis consistent with the accounting policies expected to be applied for the year ending 31 March 2019. The Group has adopted IFRS 15 (Revenue from Contracts with Customers) since 1 April 2018. The standard's core principle is for entities to recognise revenue to depict the transfer of goods and services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods and services. The Group has also adopted IFRS 9 (Financial Instruments) whose requirements include a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially reformed approach to hedge accounting. No restatements have been required as a result of these standards.

All other accounting policies and methods of computation applied are consistent with those applied for the year ended 31 March 2018.

Critical accounting estimates and judgements continue to be applied to the valuation of separable intangibles on acquisition, impairment of trade receivables, restructuring costs, impairment of non-financial assets and provisions.

The Group will be required to adopt IFRS 16 (Leases) for the year ending 31 March 2020. The core principle of the new standard is for entities to recognise a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease. The Directors are still considering the impact that the adoption of this Standard will have in future periods. There were no new relevant Standards or Interpretations to be adopted for the six months ended 30 September 2018.

Representation of comparative Cash Flow Statements
Following recent discussions with the Financial Reporting Council's ("FRC") FRC's Corporate Reporting Review team, which highlighted that the prior year presentation of restructuring cost cash flows within investing activities did not satisfy the requirements of IAS 7 "Statement of Cash Flows", we have re-presented restructuring cost cash flows within operating activities.

2 Segmental information

The Group is organised into two main operating segments, Fire Protection & Security Systems ("Fire & Security") and Water Treatment & Air Quality ("Water & Air"). Services per segment operate as described in the Chief Executive's review. The key profit measures are adjusted operating profit and adjusted EBITDA and are shown before acquisition and restructuring costs, exceptional loss on customer liquidation, share-based payments and amortisation of intangible assets. The vast majority of trading of the Group is undertaken within the United Kingdom. Segment assets include intangibles, property, plant and equipment, inventories, receivables and operating cash. Central assets include deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include deferred tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to computer software, property, plant and equipment and includes additions resulting from acquisitions through business combinations. Segment assets and liabilities are allocated between segments on an actual basis.

REVENUE

The revenue from external customers was derived from the Group's principal activities primarily in the UK (where the Company is domiciled) as follows:

Six months ended 30 September 2018 Unaudited	Fire & Security £'m	Water & Air £'m	Head Office £'m	Total £'m
Revenue	29.9	26.5	-	56.4
Segment adjusted operating profit/(loss)	2.1	2.7	(0.6)	4.2
Acquisition costs				(0.3)
Restructuring costs				(1.9)
Amortisation of acquisition intangibles				(0.6)
Share-based payments				(0.4)
Operating profit				1.0
Finance costs				(0.3)
Profit before tax				0.7
Tax charge				(0.1)
Profit after tax				0.6
Segment assets	18.8	19.3	72.9	111.0
Segment liabilities	7.3	10.8	24.7	42.8
Capital expenditure	0.2	0.7	-	0.9
Depreciation and amortisation	0.4	0.4	0.6	1.4

Six months ended 30 September 2017
Unaudited

	Fire & Security £'m	Water & Air £'m	Head Office £'m	Total £'m
Revenue	26.1	9.9	-	36.0
Segment adjusted operating profit/(loss)	1.7	1.3	(0.4)	2.6
Acquisition costs				(0.3)
Restructuring costs				(1.0)
Amortisation of acquisition intangibles				(0.4)
Share-based payments				(0.2)
Operating profit				0.7
Finance costs				(0.2)
Profit before tax				0.5
Tax charge				(0.1)
Profit after tax				0.4
Segment assets	17.8	10.3	48.6	76.7
Segment liabilities	7.2	5.7	15.2	28.1
Capital expenditure	0.1	-	-	0.1
Depreciation and amortisation	0.4	0.1	0.4	0.9

Year ended 31 March 2018
Audited

	Fire & Security £'m	Water & Air £'m	Head Office £'m	Total £'m
Revenue	51.9	28.7	-	80.6
Segment adjusted operating profit/(loss)	3.9	3.3	(1.0)	6.2
Acquisition costs				(0.6)
Restructuring costs				(3.6)
Exceptional loss on customer liquidation				(0.7)
Amortisation of acquisition intangibles				(0.9)
Share-based payments				(0.4)
Operating profit				-
Finance costs				(0.4)
Loss before tax				(0.7)
Tax charge				(0.3)
Profit after tax				0.7
Segment assets	16.8	11.3	53.5	81.6
Segment liabilities	6.9	5.0	21.6	33.5
Capital expenditure	0.3	0.2	-	0.5
Depreciation and amortisation	0.7	0.3	0.9	1.9

Reconciliation of segment adjusted operating profit to adjusted EBITDA

	Fire & Security	Water & Air	Head Office	Unaudited six months ended 30 September 2018 Total
	£'m	£'m	£'m	£'m
Segment adjusted operating profit/(loss)	2.1	2.7	(0.6)	4.2
Depreciation	0.4	0.4	-	0.8
Adjusted EBITDA	2.5	3.1	(0.6)	5.0

	Fire & Security	Water & Air	Head Office	Unaudited six months ended 30 September 2017 Total
	£'m	£'m	£'m	£'m
Segment adjusted operating profit/(loss)	1.7	1.3	(0.4)	2.6
Depreciation	0.4	0.1	-	0.5
Adjusted EBITDA	2.1	1.4	(0.4)	3.1

	Fire & Security	Water & Air	Head Office	Audited year ended 2018 Total
	£'m	£'m	£'m	£'m
Segment adjusted operating profit/(loss)	3.9	3.3	(1.0)	6.2
Depreciation	0.7	0.3	-	1.0
Adjusted EBITDA	4.6	3.6	(1.0)	7.2

The above tables reconcile segment adjusted operating profit/(loss), which excludes separately disclosed acquisition and other costs, to the standard profit measure under International Financial Reporting Standards (Operating Profit). This is the Group's Alternative Profit Measure used when discussing the performance of the Group. The Directors believe that adjusted EBITDA and operating profit is the most appropriate approach for ascertaining the underlying trading performance and trends as it reflects the measures used internally by senior management for all discussions of performance and also reflects the starting profit measure when calculating the Group's banking covenants.

Adjusted EBITDA is not defined by IFRS and therefore may not be comparable with other companies' adjusted operating profit measures. It is not intended to be a substitute, or superior to, IFRS measurements of profit.

3 Tax

The underlying tax charge is based on the expected effective tax rate (19%) for the year ending 31 March 2019 applied to taxable trading profits for the period.

4 Earnings per ordinary share

Basic earnings per share have been calculated on the profit after tax for the period and the weighted average number of ordinary shares in issue during the period.

	Unaudited six months ended 30 September 2018	Unaudited six months ended 30 September 2017	Audited year ended 31 March 2018
Weighted average number of shares in issue	36,219,829	32,075,473	33,296,260
Total profit/(loss) after tax for the period	£0.6m	£0.4m	(£0.7m)
Total basic earnings per ordinary share (pence)	1.7	1.2	(2.2)
Weighted average number of shares in issue	36,219,829	32,075,473	33,296,260
Executive incentive plan	141,223	116,947	157,880
Weighted average fully diluted number of shares in issue	36,361,052	32,195,420	33,454,140
Total fully diluted earnings per share (pence)	1.7	1.2	(2.2)

The Directors believe that adjusted basic earnings per share provide a more appropriate representation of the underlying earnings derived from the Group's business. The adjusted items are shown in the table below:

	Unaudited six months ended 30 September 2018 £'m	Unaudited six months ended 30 September 2017 £'m	Audited year ended 31 March 2018 £'m
Profit/(loss) before tax for the period	0.7	0.5	(0.4)
Adjustments:			
Acquisition costs	0.3	0.3	0.6
Restructuring costs	1.9	1.0	3.6
Exceptional loss on customer liquidation	-	-	0.7
Amortisation of acquisition intangibles	0.6	0.4	0.9
Share-based payments	0.4	0.2	0.4
Adjusted profit before tax for the period	**3.9**	**2.4**	**5.8**
Finance charges	0.3	0.2	0.4
Adjusted operating profit	**4.2**	**2.6**	**6.2**
Depreciation	0.8	0.5	1.0
Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA")	**5.0**	**3.1**	**7.2**

The adjusted earnings per share, based on weighted average number of shares in issue during the period, is calculated below:

	Unaudited six months ended 30 September 2018	Unaudited six months ended 30 September 2017	Audited year ended 31 March 2018
Adjusted profit before tax (£'m)	3.9	2.4	5.8
Tax at 19/20/20%	(0.8)	(0.4)	(1.1)
Adjusted profit after taxation (£'m)	3.1	2.0	4.7
Adjusted basic earnings per share (pence)	8.8	6.2	14.0
Adjusted fully diluted earnings per share (pence)	8.8	6.2	13.9

5 Dividends

The Company has not declared any dividends in respect of the current or prior period.

6 Intangible assets

	Goodwill £'m	Customer relationships £'m	Order backlog £'m	Total £'m
Cost				
1 April 2017	21.7	5.4	0.1	27.2
Acquired with subsidiary	9.4	1.7	-	11.1
30 September 2017	31.1	7.1	0.1	38.3
1 October 2017	31.1	7.1	0.1	38.3
Acquired with subsidiary	4.8	0.8	-	5.6
31 March 2018	35.9	7.9	0.1	43.9
1 April 2018	35.9	7.9	0.1	43.9
Acquired with subsidiary	5.5	2.8	-	8.3
30 September 2018	**41.4**	**10.7**	**0.1**	**52.2**
Accumulated amortisation and impairment				
1 April 2017	-	0.5	0.1	0.6
Charge for the period	-	0.4	-	0.4
30 September 2017	-	0.9	0.1	1.0
1 October 2017	-	0.9	0.1	1.0
Charge for the period	-	0.5	-	0.5
31 March 2018	-	1.4	0.1	1.5
1 April 2018	-	1.4	0.1	1.5
Charge for the period	-	0.6	-	0.6
30 September 2018	**-**	**2.0**	**0.1**	**2.1**
Carrying amount				
30 September 2017 – Unaudited	31.1	6.2	-	37.3
31 March 2018 – Audited	35.9	6.5	-	42.4
30 September 2018 – Unaudited	**41.4**	**8.7**	**-**	**50.1**

An additional £0.1m of goodwill has been recognised during the period as further assessments have been made to the provisional fair values of acquisitions made in the prior year.

7 Net cash

Analysis of net cash

	Unaudited 30 September 2018 £'m	Unaudited 30 September 2017 £'m	Audited 31 March 2018 £'m
Cash and cash equivalents	17.2	10.7	7.7
Bank loans and overdrafts due within one year	(3.0)	(1.8)	(2.3)
Bank loans due after one year	(8.2)	(5.2)	(7.7)
Finance leases due within one year	(0.8)	(0.3)	(0.3)
Finance leases due after one year	(0.3)	(0.2)	(0.3)
	4.9	3.2	(2.9)

8 Financial liabilities – Borrowings

	Unaudited 30 September 2018 £'m	Unaudited 30 September 2017 £'m	Audited 31 March 2018 £'m
Current			
Bank loans - secured	3.0	1.8	2.3
	3.0	1.8	2.3
Non - current			
Bank loans - secured	8.2	5.2	7.7
	11.2	7.0	10.0

The bank debt is due to Lloyds Bank plc and is secured by a fixed and floating charge over the assets of the Group. Under the bank facility the Group is required to meet quarterly covenant tests in respect of cashflow cover, interest cover and leverage.

9 Called up share capital

The following shares were issued during the period:

	No. of shares 'm	Share capital £'m	Share premium £'m
Balance at 1 April 2017	**30.9**	**15.5**	**18.7**
28 July 2017 – Consideration Shares ("DCUK")	0.9	0.4	2.9
28 July 2017 – Subscription Shares	2.6	1.3	8.7
Directly attributable costs	-	-	(0.3)
Balance as 30 September 2017	**34.4**	**17.2**	**30.0**
11 January 2018 – Consideration Shares ("DCUK")	0.1	0.1	0.4
Balance at 31 March 2018	**34.5**	**17.3**	**30.4**
18 July 2018 - Subscription Shares	4.2	2.1	17.9
Directly attributable costs	-	-	(0.7)
Balance at 30 September 2018	**38.7**	**19.4**	**47.6**

On 18 July 2018, the Group raised gross proceeds of £20 million before expenses through the issue of 4,210,000 new ordinary shares of 50 pence each at a placing price of 475 pence per share to certain new and existing investors. Directly attributable costs related to the placing were £0.7 million.

10 Business combinations

Acquisition of Island Fire

On 23 April 2018 the Group acquired Island Fire Protection Limited ("Island Fire"), a provider of fire protection services, for a total consideration of £1.4 million, satisfied by the payment of £1.2 million in cash on completion and a cash payment of up to £0.2m payable subject to the achievement of certain performance targets by the acquired business 12 months post acquisition. The provisional fair values are as follows:

Provisional fair value at acquisition	**£'m**
Intangible assets – customer relationships	0.5
Cash	0.3
Trade and other receivables	0.2
Property, plant and equipment	0.1
Trade and other payables	(0.2)
Deferred tax liabilities	(0.1)
Finance leases	(0.1)
Net assets acquired	0.7
Goodwill	0.7

One hundred percent of the equity of Island Fire was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £14k have been charged to profit or loss.

Acquisition of Forest Environmental Services Limited

On 17 May 2018 the Group acquired the business and assets of Forest Environmental Services Limited ("Forest"), a provider of asbestos remediation services, for a total consideration of £0.5 million, satisfied in cash on completion. The provisional fair values are as follows:

Provisional fair value at acquisition	**£'m**
Property, plant and equipment	0.1
Trade and other receivables	0.7
Trade and other payables	(1.0)
Net liabilities acquired	(0.2)
Goodwill	0.7

Acquisition costs of £20k have been charged to profit or loss.

Acquisition of Kingfisher Environmental Services Limited

On 25 July 2018 the Group acquired Kingfisher Environmental Services Limited ("Kingfisher"), a provider of water treatment and hygiene services, for a total consideration of £3.1 million, satisfied by the payment of £2.4 million in cash on completion and a cash payment of up to £0.7m payable subject to the achievement of certain performance targets by the acquired business 12 months post acquisition. The provisional fair values are as follows:

Provisional fair value at acquisition	**£'m**
Intangible assets – customer relationships	1.7
Trade and other receivables	0.5
Loans receivable	0.1
Trade and other payables	(0.9)
Deferred tax liabilities	(0.3)
Net assets acquired	1.1
Goodwill	2.0

One hundred percent of the equity of Kingfisher was acquired in this transaction. Acquisition costs of £25k have been charged to profit or loss.

Acquisition of Suez Water Conditioning Services Limited

On 24 August 2018 the Group acquired Suez Water Conditioning Services Limited ("Suez WCS"), a provider of water treatment and hygiene services, for a total consideration of £4.7m, satisfied by the payment of £4.7m in cash on completion. The provisional fair values are as follows:

Provisional fair value at acquisition	**£'m**
Trade and other receivables	2.9
Property, plant and equipment	1.5
Intangible assets – customer relationships	0.6
Inventories	0.5
Cash	0.3
Trade and other payables	(3.1)
Net assets acquired	2.7
Goodwill	2.0

One hundred percent of the equity of Suez WCS was acquired in this transaction. Acquisition costs of £54k have been charged to profit or loss.

11 Cash inflow from operations

	Unaudited six months ended 30 September 2018 £'m	Unaudited six months ended 30 September 2017 £'m	Audited year ended 31 March 2018 £'m
Profit/(loss) before tax	0.7	0.5	(0.4)
Depreciation of property, plant and equipment	0.8	0.5	1.0
Amortisation of intangible assets	0.6	0.4	0.9
Net finance costs	0.3	0.2	0.4
Acquisition costs	0.3	0.3	0.6
Restructuring costs	1.9	1.0	3.6
Share-based payments	0.4	0.2	0.4
Gain on disposal of property, plant and equipment	-	-	(0.1)
(Increase)/decrease in inventories	(0.2)	0.5	0.3
(Increase) in trade and other receivables	(4.3)	(1.4)	(1.2)
Increase/(decrease) in trade and other payables	1.4	(1.3)	(2.3)
Net cash generated from operations	1.9	0.9	3.2

12 Post balance sheet events

Subsequent to the period end the Group made the following acquisitions:

On 3 October 2018, the Group acquired Tersus Consultancy Limited, a provider of health and safety and risk management services.

On 18 October 2018, the Group acquired Firecrest Services Limited, a provider of fire protection services.

The total consideration for these acquisitions was satisfied by the payment of £3.3m cash on completion. One hundred percent of the equity was acquired in these transactions.

Purchase price allocations have not yet been performed as the Group is still in the process of establishing the fair value of the assets and liabilities acquired in these acquisitions.

On 22 October 2018, the Group entered into a new, enlarged revolving credit facility with HSBC and National Westminster Bank. The new facility replaces the Group's existing £18 million facilities and comprises a three-year, £30 million revolving credit facility and an additional accordion facility of £15 million.

13 Related parties and key management compensation

Related parties

There were no related part transactions during the period.

Key management compensation

Transactions between the Group and key management personnel in the period relate to remuneration consistent with the policy set out in the Directors' Remuneration Report within the Group's 2018 Annual Report.