



Aquila Services Group plc

**Unaudited Interim Results for the
six months ended 30 September 2016**

Aquila Services Group plc

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Aquila Services Group plc (“the Company”), previously General Industries plc, is the holding company for Altair Consultancy & Advisory Services Ltd (“Altair”) and Murja Ltd (“Murja”) which form the Group (“the Group”).

The Group’s particular expertise is in the provision, financing and management of affordable housing by housing associations, local authorities, government agencies and other non-profit organisations as well as high level business advice to the property sector.

Results Highlights

	6 months to 30 September 2016 (unaudited) £000s	6 months to 30 September 2015 (unaudited) £000s	Year ended 31 March 2016 (audited) £000s
Revenue	2,796	2,261	4,746
Gross Profit	673	464	1,288
Operating Profit	239	205	290
EPS (before deemed cost of listing)	0.53p	0.66p	0.61p
Declared Dividend per Share	0.24p	0.22p	0.66p
Cash Balances	2,173	1,974	2,552

Chairman's Statement and Interim Management Report

I am delighted to announce the half year results for the Group, which has continued to perform strongly.

Altair, a leading provider of consultancy services to the property sector, specifically the provision of affordable housing, has grown organically in the first half in response to an increased order book. Expansion has been focused on the North of England to enable Altair to better serve its clients in the Midlands, Northern England and Scotland.

Murja, acquired in December 2015, has seen further opportunities arise, particularly in Northern Ireland and the Republic of Ireland, and as a result has increased its consulting capacity.

We are also seeing both subsidiaries benefitting from the expanded client base.

Trading results

The Group saw a 23% increase in turnover for the 6 months to 30 September 2016. Gross profit rose to £673k (September 2015: £464k, March 2016: £1,288k) with operating profit of £307k (September 2015: £250k, March 2016: £545k). Operating profits took into account investment in new staff for Altair and Murja and, as required under IFRS 2, before the share option charge as set out below.

The comparison between this reporting period, the year-end position and the previous year's half-year results for the Group are as follows:

	6 months to 30 September 2016 (unaudited) £000s	6 months to 30 September 2015 (unaudited) £000s	Year ended 31 March 2016 (audited) £000s
Turnover	2,796	2,261	4,746
Gross profit	673	464	1,288
Operating profit (before share option charge)	307	250	545
Share option charge	68	45	255
Operating profit (after share option charge)	239	205	290

The Group is in a very strong net asset position, with over £2.17m in cash held at 30 September 2016.

Dividend

The Directors propose to declare an interim dividend of 0.24p per share which will be paid on 19 December 2016 to shareholders on the register at 9 December 2016.

The Company is committed to a progressive dividend policy to enhance shareholder value.

Business Review

The underlying business remains strong and there has been continued growth of the client base in Altair's consultancy business. The acquisition of Murja has expanded our offering into the education sector and we are beginning to see the opportunities of the treasury offering complementing Altair's business activities within the housing sector. We are also pleased that new projects are being won both in the UK and Republic of Ireland by Murja.

Chairman's Statement and Interim Management Report

Altair has invested in and expanded its consultancy capacity through recruitment of new consultants focusing on increasing its national coverage and developing new products and services to reflect the changing operational and political environment of our clients. These new products have provided opportunities to bid for larger contracts and, as a consequence, has extended the consultancy pipeline. The core consultancy and interim business remains strong and the client base continues to grow in number and range.

Murja has similarly expanded its specialist treasury management services. A significant number of clients are on retained contracts and additional fees are secured once specific projects have been completed. During the six months under review, a number of these specific projects have commenced with fees expected to accrue during the next twelve months.

Risk and Uncertainties

The Directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 March 2016, which contains a detailed explanation of the risks relevant to the Group on page 6, and is available at:

<http://aquilaservicesgroup.co.uk/wp-content/uploads/2016/07/General-Industries-plc-2016-Accounts.pdf>

Outlook

The Group is aware of the varied and changing policy landscape brought about by the impact of welfare reform, reducing government grants for home-ownership, further devolved funding and decision making to local authorities.

The Government's Autumn Statement has confirmed new money for the affordable homes programme, with flexibility of tenure which is good news for the housing sector. There is also encouragement for new building and a raft of housing policies relating to right to buy and welfare reform.

A forthcoming housing White Paper will provide more detail, but will almost certainly involve housing associations, local authorities and traditional housebuilders. The enhanced spending on infrastructure announced by the Chancellor is welcomed.

These on-going changes mean that clients will continue to need services that the Group supplies and the provision of value-for-money, high quality services continues to be fundamental to the Group's offering to the market.

The Group continues to look at opportunities to expand its consultancy base through acquisition. Initial discussions have been held with a number of parties. Most of these businesses are privately owned and it is hoped that they will be attracted to the benefits of joining a well-established and listed group.

Jeff Zitron – Chairman

30 November 2016

Directors' Report

Substantial Shareholdings

As at 30 September 2016, the Company was aware of the following notifiable interests in its voting rights:

	Number of Ordinary shares	Percentage of Voting rights	Nature of holding
Richard Wollenberg*	3,808,406	11.7%	Direct
Steven Douglas	3,279,440	10.1%	Direct
Chris Wood	3,279,440	10.1%	Direct
Susan Kane	3,279,440	10.1%	Direct
Fiona Underwood	3,279,440	10.1%	Direct
Derek Joseph	2,870,403	8.8%	Direct
Jeffrey Zitron	2,798,403	8.8%	Direct
Cardiff Property plc**	1,000,000	3.1%	Direct

*Includes shares held by immediate family members of Richard Wollenberg

**Richard Wollenberg holds 44.17% of the issued share capital and voting rights of Cardiff Property plc.

The Company is not aware of any changes to the above holdings between 30 September 2016 and the date of this report.

Related Party Transactions

During the 6 months to 30 September 2016, the non-executive directors were paid fees of £6,139 (6 months to September 2015: £2,250)

During the 6 months to 30 September 2016, the Group charged £12,030 (6 months to September 2015: £12,030) to DMJ Consultancy Services Limited for office costs and secretarial services, a company in which Derek Joseph is a director and shareholder.

Remuneration of Directors and key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below.

	6 months to 30 September 2016 (unaudited)	6 months to 30 September 2015 (unaudited)	Year ended 31 March 2016 (audited)
Short-term employee benefits	268,637	230,000	586,283
Share-based payments	39,452	28,683	212,116
Post-retirement benefits	6,000	10,552	22,934
	<u>314,089</u>	<u>269,235</u>	<u>821,333</u>

Corporate Governance

The UK Corporate Governance Code (September 2014) (the code), as appended to the listing rules, sets out Principles of Good Corporate governance and code provisions which are applicable to listed companies incorporated in the United Kingdom. As a standard listed company, the Company is not subject to the UK Corporate Governance Code but the Board recognises the value of applying the principles of the code where appropriate and proportionate and endeavours to do so where practicable.

Directors' Report

Responsibility Statement

The Directors, whose names and functions are set out at the end of this report, are responsible for preparing the Unaudited Interim Condensed Consolidated Financial Statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR') and with International Accounting Standard 34 on Interim Financial reporting (IAS34). The Directors confirm that, to the best of their knowledge, this unaudited interim condensed consolidated report has been prepared in accordance with IAS34 as adopted by the European Union. The interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 namely:

- an indication of key events occurred during the period and their impact on the unaudited interim condensed consolidated financial statements and a description of the principal risks and uncertainties for the second half of the financial year, and
- related party transactions that have taken place during the period and that have materially affected the financial position or the performance of the business during that period.

Susan Kane – Director

30 November 2016

Aquila Services Group plc

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2016

	Six months to 30 September 2016 (unaudited) £	Six months to 30 September 2015 (unaudited) £	Year ended 31 March 2016 (audited) £
Revenue	2,795,959	2,261,202	4,746,144
Cost of sales	(2,123,315)	(1,797,636)	(3,458,532)
Gross profit	672,644	463,566	1,287,612
Administrative expenses	(434,100)	(258,403)	(997,786)
Operating profit	238,544	205,163	289,826
Deemed cost of listing	–	(3,104,527)	(3,104,527)
Finance income	2,507	305	1,713
Profit/(loss) before taxation	241,051	(2,899,059)	(2,812,988)
Taxation	(69,756)	(50,074)	(124,319)
Profit/(loss) and total comprehensive income/(loss) for the period	171,295	(2,949,133)	(2,937,307)
Earnings/(loss) per share attributable to equity shareholders			
Weighted average number of shares:			
Basic	32,615,625	23,449,223	27,566,749
Diluted	36,916,490	23,449,223	27,566,749
Basic earnings/(loss) per share	0.53p	(12.58p)	(10.66p)
Diluted earnings/(loss) per share	0.46p	(12.58p)	(10.66p)

Aquila Services Group plc

Condensed Consolidated Statement of Financial Position
As at 30 September 2016

	30 September 2016 (unaudited) £	30 September 2015 (unaudited) £	31 March 2016 (audited) £
Non-current assets			
Intangible assets	317,688	–	317,688
Property, plant and equipment	15,936	5,494	14,654
	<u>333,624</u>	<u>5,494</u>	<u>332,342</u>
Current assets			
Trade and other receivables	1,358,670	1,159,457	1,158,836
Deferred tax assets	3,774	–	11,671
Cash and cash equivalents	2,173,626	1,974,234	2,552,642
	<u>3,536,070</u>	<u>3,133,691</u>	<u>3,723,149</u>
Current liabilities			
Trade and other payables	930,663	969,583	1,276,501
Corporation tax	228,628	159,374	166,769
	<u>1,159,291</u>	<u>1,128,957</u>	<u>1,443,270</u>
Net Current assets	<u>2,376,779</u>	<u>2,004,734</u>	<u>2,279,879</u>
Net assets	<u>2,710,403</u>	<u>2,010,228</u>	<u>2,612,221</u>
Equity and Liabilities			
Share capital	1,632,550	1,575,000	1,630,434
Share premium account	533,235	464,960	533,235
Reverse acquisition reserve	(4,771,473)	(4,786,176)	(4,771,473)
Merger relief reserve	7,184,334	6,890,000	7,184,334
Share-based payment reserve	342,989	56,825	281,586
Accumulated losses	(2,211,232)	(2,190,381)	(2,245,895)
Equity attributable to owners of the parent	<u>2,710,403</u>	<u>2,010,228</u>	<u>2,612,221</u>

Condensed Consolidated Statement of Changes in Equity

	Share capital £	Share premium account £	Reverse acquisition reserve £	Merger relief reserve £	Share based payments reserve £	Retained profits (Accumulated losses) £	Total equity £
As at 1 April 2015	515,000	464,960	(852,336)	–	11,923	758,752	898,299
Group reconstruction	1,060,000	–	(3,933,840)	6,890,000	–	–	4,016,160
Share based payment	–	–	–	–	44,902	–	44,902
Loss for the period	–	–	–	–	–	(2,949,133)	(2,949,133)
As at 30 September 2015	1,575,000	464,960	(4,786,176)	6,890,000	56,825	(2,190,381)	2,010,228
Issue of shares	55,434	68,275	–	294,334	–	–	418,043
Group reconstruction	–	–	14,703	–	–	–	14,703
Share based payment	–	–	–	–	226,721	–	226,721
Transfer on exercise of options	–	–	–	–	(1,960)	1,960	–
Profit for the period	–	–	–	–	–	11,826	11,826
Dividend	–	–	–	–	–	(69,300)	(69,300)
As at 1 April 2016	1,630,434	533,235	(4,771,473)	7,184,334	281,586	(2,245,895)	2,612,221
Issue of shares	2,116	–	–	–	–	–	2,116
Share based payment	–	–	–	–	68,249	–	68,249
Transfer on exercise of options	–	–	–	–	(6,846)	6,846	–
Profit for the period	–	–	–	–	–	171,295	171,295
Dividend	–	–	–	–	–	(143,478)	(143,478)
As at 30 September 2016	1,632,550	533,235	(4,771,473)	7,184,334	342,989	(2,211,232)	2,710,403

Aquila Services Group plc

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2016

	Six months to 30 September 2016 (unaudited) £	Six months to 30 September 2015 (unaudited) £	Year ended 31 March 2016 (audited) £
Cash flow from operating activities			
Profit/(loss) for the period	171,295	(2,949,133)	(2,937,307)
Finance income received	(2,507)	(305)	(1,713)
Income tax expense	69,756	50,074	124,319
Share option charge	68,249	44,902	254,606
Deemed cost of listing	–	3,104,527	3,104,527
Depreciation	4,050	–	5,457
Operating cash flows before movement in working capital	310,843	250,065	549,889
Increase in trade and other receivables (Decrease)/increase in trade and other payables	(199,834) (345,838)	(110,305) (188,924)	(76,254) 99,878
Cash (used in)/generated by operations	(234,829)	(49,164)	573,513
Taxation paid	–	(34,443)	(179,445)
Net cash flow from operating activities	(234,829)	(83,607)	394,068
Cash flow from investing activities			
Interest received	2,507	305	1,713
Cash acquired on reverse acquisition	–	795,690	795,690
Cash acquired on purchase of subsidiary	–	–	785,262
Purchase of subsidiary	–	–	(899,696)
Purchase of property, plant and equipment	(5,332)	(5,494)	(16,344)
Proceeds from disposal of investments	–	–	207,834
Net cash flow from investing activities	(2,825)	790,501	874,459
Cash flow from financing activities			
Proceeds of share issue	2,116	153,381	239,456
Dividends paid	(143,478)	–	(69,300)
Net cash flow from financing activities	(141,362)	153,381	170,156
Net increase in cash and cash equivalents	(379,016)	860,275	1,438,683
Cash and cash equivalents at beginning of the period	2,552,642	1,113,959	1,113,959
Cash and cash equivalents at end of the period	2,173,626	1,974,234	2,552,642

**Notes to the Condensed set of Financial Statements
for the six months ended 30 September 2016**

1. General information

The Company and its subsidiaries (together “the Group”) are a major provider of consultancy services to organisations that develop, fund or manage affordable housing.

The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 08988813 in England and Wales. The Company’s registered office is Tempus Wharf, 29a Bermondsey Wall West, London, SE16 4SA.

The Company changed its name from General Industries plc to Aquila Services Group plc on 30 August 2016.

2. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group have been prepared on the basis of the accounting policies, presentation, methods of computation and estimation techniques used in the preparation of the audited accounts for the period ended 31 March 2016 and expected to be adopted in the financial information by the Company in preparing its annual report for the year ending 31 March 2017.

This interim consolidated financial information for the six months ended 30 September 2016 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. This interim consolidated financial information is not the Group’s statutory financial statements and should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with International Financial Reporting Standard (IFRS) and have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis of matter without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The interim consolidated financial information for the six months ended 30 September 2016 is unaudited. In the opinion of the Directors, the interim consolidated financial information presents fairly the financial position, and results from operations and cash flows for the period.

The Directors have made an assessment of the Group’s ability to continue as a going concern and are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group, therefore, continues to adopt the going concern basis in preparing its consolidated financial statements.

The financial statements are presented in sterling, which is the Group’s functional currency as the UK is the primary environment in which it operates.

3. Segmental analysis

The Directors are of the opinion that the business of the Group is in a single activity. Nearly all business is conducted in sterling and within the UK. Some fees are received in Euros and US Dollars but in the director’s opinion these amounts are not significant and any changes in exchange rates would not have a material impact on the Group.

**Notes to the Condensed set of Financial Statements
for the six months ended 30 September 2016**

4. Share capital

The Company has one class of share in issue being ordinary shares with a par value of 5p.

Allotted, issued and called up ordinary shares of £0.05 each:

	Number	£
As at 1 April 2015	10,300,000	515,000
Issued during the period	21,200,000	1,060,000
As at 30 September 2015	31,500,000	1,575,000
Issued during the period	1,108,688	55,434
As at 31 March 2016	32,608,688	1,630,434
Issued during the period	42,315	2,116
As at 30 September 2016	<u>32,651,003</u>	<u>1,632,550</u>

As at 1 April 2016, 4,300,815 options were held by Directors and employees of the group.

On 24 June 2016, 500,000 options were issued to employees of Altair, of these 10,000 were returned by an employee who left the business.

On 4 July 2016, 20,000 options were issued to employees of Altair.

On 31 August 2016, 42,315 share options were exercised at an exercise price of 5p each.

As at 30 September 2016 a total of 4,768,550 options were held by Directors and employees of the group.

Option exercise price are in a range of 5p to 29.5p.

5. Going concern

The Group has sufficient financial resources to enable it to continue its operational activities for the foreseeable future. Accordingly, the Directors consider it appropriate to adopt the going concern basis in preparing these interim accounts.

6. Dividend

An interim dividend of 0.24p will be paid on 19 December 2016 to shareholders on the register at 9 December 2016 at a cost of £78,362.

Directors and Advisers

Directors	Jeffrey Zitron	<i>Chairman</i>
	Steven Douglas	<i>Joint Chief Executive</i>
	Fiona Underwood	<i>Joint Chief Executive</i>
	Susan Kane	<i>Group Finance Director</i>
	Derek Joseph	<i>Director</i>
	John Richard Wollenberg	<i>Director</i>
	Richard Murphy	<i>Resigned 21/07/2016</i>

whose business address is:

Tempus Wharf
29a Bermondsey Wall West
London
SE16 4SA

Website: www.aquilaservicesgroup.co.uk
(Telephone 020 7934 0175)

Secretary	Fiona Underwood Tempus Wharf 29a Bermondsey Wall West London SE16 4SA
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Financial Adviser	Beaumont Cornish Limited 2nd Floor, Bowman House 29 Wilson Street London EC2M 2SJ
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Auditors	Saffery Champness 71 Queen Victoria Street London EC4V 4BE
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Solicitors	Blake Morgan LLP Bradley Court Park Place Cardiff CF10 3DR
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Bankers	National Westminster Bank plc 50 High Street Egham Surrey TW20 9EU
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Registrars	Neville Registrars Neville House 18 Laurel Lane Halesowen B63 3DA (Telephone 0121 585 1131)
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Aquila Services Group plc

Financial Calendar

Year	Date	Comments
2016	30 November	Interim results 2016 announced
	9 December	Ex-dividend date
	19 December	Payment date for interim
2017	31 March	End of accounting year
	By 30 July	2017 Annual Financial Report to be published and announced
	July / August	Annual General Meeting
	September	Final dividend to be paid

