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Van Elle Holdings PLC
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Van Elle Holdings plc

For Immediate Release **25 January 2018**

Interim Results for the six months ended 31 October 2017

Van Elle Holdings plc ("Van Elle", the "Company" or the "Group"), the AIM quoted geotechnical engineering contractor offering a wide range of ground engineering techniques and services to customers in a variety of UK construction end markets, announces its interim results for the six months ended 31 October 2017.

Highlights

	6 months ended 31 Oct 2017	6 months ended 31 Oct 2016	Growth %
Revenue (£m)	**52.6**	43.1	22.1
Underlying* EBITDA (£m)	**8.4**	7.1	18.7
Reported EBITDA (£m)	**8.3**	5.6	47.8
Underlying* operating profit (£m)	**5.7**	4.9	15.6
Reported operating profit (£m)	**5.6**	3.4	62.0
Underlying* profit before taxation (£m)	**5.4**	4.7	15.4
Reported profit before taxation (£m)	**5.3**	3.2	64.8
Underlying* earnings per share (p)	**5.4**	5.2	3.8
Reported earnings per share (p)	**5.3**	3.2	65.6
Dividend per share (p)	**1.4**	0.85	
Operating cash conversion (%)	**86.9%**	46.9%	
Return on capital employed (%)	**25.8%**	27.2%	

** before share-based payments and exceptional costs*

Summary highlights

- Trading in the first half of the year has been positive reflecting the increased service offering with new techniques, rigs and geographical presence.
- Group revenue increased by 22.1% to £52.6m (H1 2016: £43.1m), with revenue growth in all four Divisions.
- Underlying EBITDA increased by 18.7% to £8.4m (H1 2016: £7.1m) and underlying operating profit increased by 15.6% to £5.7m (H1 2016: £4.9m).
- Gross margin of 31.7% (H1 2016: 36.2%) reflecting specific contract issues, now resolved.
- Further investment of £8.0m in new rigs to continue the growth strategy (H1 2016: £2.1m).
- Strong balance sheet with net debt at 31 October 2017 of £4.6m (H1 2016: £4.1m).
- Interim dividend of 1.4 pence per share, reflecting the Board's confidence in the Group's prospects.

Jon Fenton, Chief Executive, commented:

"This good performance is a direct consequence of our growth strategy.

"As anticipated, we entered the second half in a strong position with activity levels remaining high and trading during November, December and the start of January satisfactory across the Group as a whole.

"Unfortunately, the recent collapse of Carillion will have an impact on the business. Van Elle carried out regular work for Carillion as a specialist lead sub-contractor, principally in respect of rail improvement and maintenance work and, as previously confirmed, our outstanding debt and work-in-progress exposure with Carillion is approximately £1.6m. We also identified approximately £2.5m of anticipated revenue for the second half of the current year which related to work with Carillion.

"Whilst the Group is continuing to engage with the Official Receiver in respect of this outstanding balance, it is now expected that we may recognise an exceptional bad debt charge of approximately £1.6m in its full year results. All of this debt arose after 31 October 2017. We have also had constructive dialogue with both the Official Receiver and Network Rail in respect of the £2.5m of anticipated revenue and whilst it is possible that some of the anticipated contracts may be delivered in the current year, the status and timing of specific programmes remains uncertain. Van Elle would typically expect to achieve good margins on rail-related work and therefore these anticipated contracts are material in the context of the Group's financial results. The Board believes it is prudent at this stage to recognise that the disruption to the expected order book due to the situation at Carillion will impact the Group's ability to achieve its previous expectations for the year as a whole.

"Meanwhile, enquiry levels across the Group in general remain encouraging and beyond the specific risks associated with the Carillion situation, the current order book as at January 2018 remains substantial. However, the Group's second half

expectation included a small number of important contracts which we had originally expected to commence in the fourth quarter but now believe will slip into the first quarter of next financial year.

"Van Elle continues to deliver strategic progress and, with the support of a strong balance sheet, the long term opportunities for further profitable growth for the Group are significant. Taking all these factors into account, the Board remains confident about the Group's prospects and, reflecting this confidence, has declared an interim dividend of 1.4p per share."

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Van Elle Holdings plc - Interim Report to 31 October 2017

Strategic overview

Since being admitted to trading on AIM on 26 October 2016, Van Elle has actively pursued its growth strategy and the Board is pleased to report further positive results in the first half of this financial year. For the six months ended 31 October 2017, revenues increased by 22.1% over the comparative period to £52.6m (H1 2017: £43.1m), underlying EBITDA increased by 18.7% to £8.4m (H1 2017: £7.1m) and underlying operating profit increased by 15.6% to £5.7m (H1 2017: £4.9m). Underlying profit before tax was £5.4m, an increase of 15.4% on the same period last year (H1 2017: £4.7m).

Our strategy continues to focus on growing the business by broadening our range of products, techniques and services and extending our geographical footprint into high growth markets across the UK. This will be achieved both organically and also selectively through bolt-on acquisitions.

Capital investment continues to be a key driver of growth with a further £8.0m spent in the first half of the year (H1 2017: £2.1m), bringing the total investment over the last three and a half years to over £40.0m. Nine rigs were purchased in the period and our fleet now stands at 118 rigs and we continue to believe that Van Elle has the broadest and most modern range of specialist piling rigs in the UK market.

Our new state-of-the-art, purpose-built training facility was opened in November and has undertaken several training programmes both internally for staff and externally for clients. We believe that this facility allows us to deliver an unequalled standard of training to all industry professionals and companies, and is a key driver to staff retention and succession planning.

Investment in our operational facility in Scotland, to serve the local market, has delivered significant growth in the period. This has established Van Elle as the dominant ground engineering company in the central belt of Scotland and demonstrates our ability to penetrate new markets with our leading service offering.

In the new year we opened an office in London as a base for a newly appointed business development manager to cover London and the South of England.

We continue to pursue acquisition opportunities and discussions have been held with several interested parties. We have discounted certain targets due to unrealistic price expectations and lack of strategic fit, however, there remains a pipeline of good opportunities. Our strong financial position will enable us to act swiftly where we feel an opportunity will bring value to the Group.

Cash performance in the half has been good, with strong operating cash flows of £7.1m (H1 2017: £2.6m) representing an operating cash conversion* of 86.9% (H1 2017: 46.9%). The Group has continued to invest, acquiring nine new rigs which will enhance its service offering. As a result of the strong cash performance and the Group's strategic investment programme, net assets have increased by 22.8% to £39.2m (31 October 2016: £31.9m).

** defined as cash generated from operations divided by EBITDA less profit on sale of fixed assets*

Trading review

I am pleased to report that the Company grew revenues by 22.1% in the first half of the year to £52.6m (H1 2017: £43.1m) at a time when UK construction output grew by 7.3% for the same period, continuing our track record of outperforming the market and growing our market share.

In terms of our performance in our end markets, sales to the Housebuilding sector were up 22.7% to £26.3m (H1 2017: £21.4m), Infrastructure sector sales were up 37.3% to £15.8m (H1 2017: £11.5m) and sales to the Commercial & Industrial sector were flat at £8.2m (H1 2017: £8.2m). The ability to redirect resources to reflect short-term trends in our markets remains a key strength of the business, mitigating the impact of a slowdown in any one sector.

A key driver of our revenue growth has been our recent investments in larger and more specialist rigs with significant sales increases in our core techniques: CFA piling (+£1.2m); rotary bored piling (+£3.4m); rotary drilling (+£1.4m); and on-track rail piling (+£3.1m). In addition, our modular beam foundation system, Smartfoot®, continues to gain traction with housebuilders across the UK with sales up over 20% in the first half.

Our sales growth was achieved, most notably, on larger contracts (defined as over £500k), which collectively made up c.29% of total sales by value in the period (H1 2017:15% by value), increasing the average contract value to £112k (H1 2017: £92k).

Gross margin has reduced to 31.7% in the period (H1 2017:36.2%) reflecting, as previously announced, the changed commercial parameters on two specific rail tenders and the impact of remedial works carried out on a contract in the Ground Stabilisation operating unit. These contract issues were identified and resolved in the period and the gross margin is forecast to return to [improve] in the second half. Excluding the three specific contracts, the gross margin in the first half would have been approximately 33.5%. Notwithstanding these isolated contract issues impacting on gross margin in the period, we have continued to benefit from operational gearing, which has allowed us to maintain underlying EBITDA margins at 16.0% which, is close to the corresponding period last year (H1 2017: 16.4%).

In light of the Carillion announcement the Group made on 16th January 2018, it should be noted that all work in progress and debt due from Carillion at the end of the interim period had been paid.

Operating performance

General Piling

The General Piling segment has performed strongly in the period with revenues up 7.8% to £22.9m (H1 2017: £21.2m), with growth primarily from the infrastructure (roads) sector. The segment continues to benefit from our large range of rigs and techniques and operating margins have increased to 15.3% (H1 2017:12.5%), as a result of higher utilisation through production efficiencies from delivering higher valued contracts.

Specialist Piling

Revenue growth was once again strong in Specialist Piling, up 23.5% to £14.1m (H1 2017: £11.5m) with all growth generated from infrastructure work, enabled by our strategic investment in specialist rigs and equipment in previous periods to service this sector. Restricted Access revenues grew 4.2% with the operating unit marginally improving both gross and operating margins. Operating conditions in the Group's rail business continue to be challenging, as previously reported. Whilst rail revenue growth has been pleasing, the commercial parameters in two specific electrification contracts resulted in a dilution to gross margin in the first quarter. As a result, overall divisional operating margins reduced to 7.7% in the period (H1 2017:12.5%). However, performance in the second quarter was much better, with margins on an improving trend as the Group exited the first half. It has been expected that the divisional operating margin would recover to c.13% in the second half although the results for the remainder of the year will reflect the impact of the collapse of Carillion which has yet to be fully determined.

Ground Engineering Services

Ground Engineering Services has significantly increased revenue, up 79.7% to £8.7m (H1 2017: £4.9m). This has been driven by strong growth from the burgeoning Scottish operation, which has enabled the Group to increase its activity in this region significantly. Operating margins are, however, below the prior year at 4.5% (H1 2017:6.8%) reflecting an isolated contract issue in our Ground Stabilisation operating unit which has now been resolved. Adjusting for this contract, the margin would have been approximately 8%. Since the period end, the severe weather during December and January has resulted in some contract delays in the Scottish business, which the Group will work to try and deliver as ground conditions improve.

Ground Engineering Products

Revenue growth was also healthy in Ground Engineering Products, up 22.9% to £6.9m (H1 2017: £5.6m). The Group's proprietary Smartfoot® foundation system continues to gain share in the market and the operating performance reflects the benefits of the expanded manufacturing capacity. Operating margins increased to 9.8% in the period (H1 2017: 8.8%) reflecting the benefits of operational gearing and volume driven production efficiencies.

Board news

On 1 November 2017 David Stuart Hurcomb was appointed as an Independent Non-Executive Director to the Board.

Also, as announced on 22 November 2017, Jon Fenton, Chief Executive Officer, will be stepping down, once a suitable replacement is identified. The Board is conducting a comprehensive and objective search process for Jon's replacement to identify a new CEO that will bring the relevant commercial, operational and strategic experience to the Group. A selection process commenced in December 2017 and a high quality initial shortlist of candidates has been identified. The Board will look to progress the process as quickly as possible and looks forward to updating the market with news of Jon's successor in due course.

In December 2017, Van Elle's shareholders comprehensively rejected resolutions to change the Board proposed by the former Chairman, Michael Ellis. The Board believed firmly that contesting these proposals vigorously was in the best interests of all stakeholders and would allow the Group to focus on running the business and delivering our long-term strategy. As a result of contesting the resolutions the Group will recognise an exceptional charge in the second half of approximately £150,000 arising from costs directly associated with the general meeting.

Dividend

In line with its progressive dividend policy and reflecting the good first half performance, as well as its confidence in the long-term prospects of the Group, the Board is declaring an interim dividend of 1.4 pence per share. The interim dividend will be paid on 7 March 2018 to shareholders on the register on 9 February 2018. The shares will trade ex-dividend on 8 February 2018.

Current trading and outlook

As anticipated, Van Elle entered the second half in a strong position with activity levels remaining high and trading during November, December and the start of January satisfactory across the Group as a whole.

The recent collapse of Carillion and the impact on the UK construction sector that this may have has been hugely disappointing. As set out in the announcement of 16 January 2018, Van Elle carries out regular work for Carillion as a specialist lead sub-contractor, principally in respect of rail improvement and maintenance work, and our outstanding debt and work-in-progress exposure with Carillion was approximately £1.6m. Whilst the Group is continuing to engage with the Official Receiver in respect of this outstanding balance, it is now expected that Van Elle may recognise an exceptional bad debt charge of approximately £1.6m in its full year results.

In the announcement of 16 January 2018, Van Elle also identified approximately £2.5m of anticipated revenue for the second half of the current year which related to work with Carillion. Management have had constructive dialogue with both the Official Receiver and Network Rail and whilst it is possible that some of the anticipated contracts may be delivered in the current year, the status and timing of specific programmes remains uncertain. Van Elle would typically expect to achieve good margins on rail-related work and therefore these anticipated contracts are material in the context of the Group's financial results.

Enquiry levels across the Group in general remain encouraging and beyond the specific risks associated with the Carillion situation, the current order book as at January 2018 remains substantial. However, the Group's second half expectation included a small number of important contracts which the Board had originally expected to commence in the fourth quarter but now believe will slip into the first quarter of next financial year.

Van Elle continues to deliver strategic progress and, with the support of a strong balance sheet, the long term opportunities for further profitable growth for the Group are significant. In respect of the current year, the Board continues to monitor market conditions closely, particularly with regard to evolving situation in respect of Carillion. In doing so, it should be recognised that the disruption to the expected order book due to the situation at Carillion will impact the Group's ability to achieve its previous expectations for the year as a whole.

Consolidated statement of comprehensive income

For the 6 months ended 31 October 2017

	Note	6 months to 31 Oct 2017 (unaudited) £'000	6 months to 31 Oct 2016 (unaudited) £'000	12 months to 30 Apr 2017 (audited) £'000
Revenue	2	**52,642**	43,126	94,093
Cost of sales		**(35,965)**	(27,512)	(60,712)
Gross profit		**16,677**	15,614	33,381
Administrative expenses		**(11,013)**	(10,917)	(22,018)
Other operating income		**-**	200	200
Operating profit before exceptional costs and share-based payment expense		**5,664**	4,897	11,563
Share-based payment expense		**(80)**	-	(77)
Exceptional costs	3	**-**	(1,452)	(1,781)
Operating profit		**5,584**	3,445	9,705
Finance expense		**(268)**	(219)	(436)
Finance income		**9**	5	14
Profit before tax		**5,325**	3,231	9,283
Income tax expense		**(1,081)**	(995)	(1,930)
Total comprehensive income for the year		**4,244**	2,236	7,353
Earnings per share (pence)				
Basic	4	**5.3**	3.2	9.8
Diluted	4	**5.3**	3.2	9.8
Underlying earnings per share (pence)				
Basic	4	**5.4**	5.2	12.1
Diluted	4	**5.4**	5.2	12.1

All amounts relate to continuing operations. There was no other comprehensive income in either the current or preceding period.

Consolidated statement of financial position

As at 31 October 2017

	31 Oct 2017 (unaudited) £'000	31 Oct 2016 (unaudited) £'000	30 Apr 2017 (audited) £'000
Non-current assets			
Property, plant and equipment	**37,369**	28,830	32,110
Intangible assets	**2,318**	2,291	2,330
	39,687	31,121	34,440
Current assets			
Inventories	**2,450**	1,704	2,423
Trade and other receivables	**21,049**	20,353	18,796
Cash and cash equivalents	**12,042**	8,806	12,858
	35,541	30,863	34,077
Total assets	**75,228**	61,984	68,517
Current liabilities			
Trade and other payables	**17,248**	15,084	15,882
Loans and borrowings	**5,422**	3,621	4,461
Corporation tax payable	**1,067**	1,111	878
	23,737	19,816	21,221
Non-current liabilities			
Loans and borrowings	**11,206**	9,245	9,855
Provisions	**342**	327	342
Deferred tax	**778**	712	778
	12,326	10,284	10,975
Total liabilities	**36,063**	30,100	32,196
Net assets	**39,165**	31,884	36,321
Equity			
Share capital	**1,600**	1,600	1,600
Share premium	**8,633**	8,633	8,633
Retained earnings	**28,914**	21,633	26,070
Non-controlling interest	**18**	18	18
Total equity	**39,165**	31,884	36,321

Consolidated statement of cash flows

For the 6 months ended 31 October 2017

	Note	6 months to 31 Oct 2017 (unaudited) £'000	6 months to 31 Oct 2016 (unaudited) £'000	12 months to 30 Apr 2017 (audited) £'000
Cash flows from operating activities				
Cash generated from operations	5	**7,111**	2,621	13,129
Interest received		**9**	5	14
Interest paid		**(268)**	(219)	(436)
Income tax paid		**(892)**	(1,108)	(2,281)
Net cash generated from operating activities		**5,960**	1,299	10,426
Cash flows from investing activities				
Purchases of property, plant and equipment		**(2,967)**	(3,349)	(5,562)
Disposal of property, plant and equipment		**230**	-	138
Purchases of intangibles		**-**	-	(71)
Net cash absorbed in investing activities		**(2,737)**	(3,349)	(5,495)
Cash flows from financing activities				
Repayment of bank borrowings		**(75)**	(75)	(150)
Proceeds from Invest to Grow loan		**-**	260	260
Repayments of Invest to Grow loan		**(48)**	(8)	(55)
Issue of shares (net of issue costs)		**-**	8,833	8,833
Payments to finance lease creditors		**(2,516)**	(1,755)	(3,882)

Dividends paid		**(1,400)**	-	(680)
Net cash (absorbed)/generated in financing activities		**(4,039)**	7,255	4,326
Net increase in cash and cash equivalents		**(816)**	5,205	9,257
Cash and cash equivalents at beginning of period		**12,858**	3,601	3,601
Cash and cash equivalents at end of period	6	**12,042**	8,806	12,858

Consolidated statement of changes in equity

For the 6 months ended 31 October 2017

	Share capital £'000	Share premium £'000	Non-controlling interest £'000	Retained earnings £'000	Total equity £'000
Balance at 1 May 2016	1,006	-	18	19,728	20,752
Total comprehensive income	-	-	-	2,236	2,236
Share re-designation	63	-	-	-	63
Issue of bonus shares	331	-	-	(331)	-
Issue of ordinary shares on IPO	200	9,800	-	-	10,000
Share issue costs	-	(1,167)	-	-	(1,167)
	594	8,633	-	1,905	11,132
Balance at 31 October 2016	**1,600**	**8,633**	**18**	**21,633**	**31,884**
Total comprehensive income	**-**	**-**	**-**	5,117	5,117
Dividend payment	**-**	**-**	**-**	(680)	(680)
	-	**-**	**-**	4,437	4,437
Balance at 30 April 2017	**1,600**	**8,633**	**18**	**26,070**	**36,321**
Total comprehensive income	-	-	-	4,244	4,244
Dividend payment	-	-	-	(1,400)	(1,400)
	-	-	-	2,844	2,844
Balance at 31 October 2017	**1,600**	**8,633**	**18**	**28,914**	**39,165**

Notes to the interim results

For the 6 months ended 31 October 2017

1. Basis of preparation

The unaudited interim consolidated statement of Van Elle Holdings plc is for the six months ended 31 October 2017 and do not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006. These consolidated financial statements have been prepared in compliance with the recognition and measurement requirement of International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) as adopted by the EU. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the group's annual report. These consolidated financial statements have been prepared in accordance with the accounting policies that are expected to be applied in the report and accounts for the year ending 30 April 2018.

IFRS 15, 'Revenue from contracts with customers' has been adopted by the EU with an effective date of 1 January 2018. The Group is continuing to assess the impact of the standard but based on the progress to date, does not expect the standard to have a significant impact on the Group's results. It is likely that the Group will adopt a prospective transition approach to the standard and further details are contained in the report and accounts for the year ending 30 April 2017.

The Group is also considering the impact on the consolidated financial statements of adopting other standards, amendments or interpretations in issue but not yet effective, including IFRS 9, 'Financial instruments' and IFRS 16, 'Leases'. The Group's approach to both of these standards are contained in the report and accounts for the year ending 30 April 2017.

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The comparative figures for the year ended 30 April 2017 do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but they have been derived from the audited financial statements for that year, which have been filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006 nor a reference to any matters which the auditor drew attention by way of emphasis of matter without qualifying their report.

The Accounting policies adopted are consistent with those described in the annual financial statements for the year ended 30 April 2017 and that will be adopted for the year ended 30 April 2018. There have been no significant changes in the basis upon which estimates have been determined, compared to those applied at 30 April 2017 and no change in estimate has had a material effect on the current period.

2. Segment information

The Group evaluates segmental performance based on profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses, such as goodwill impairment, and the effects of share-based payments. Traditionally the second half of the year is stronger in turnover and operating performance than the first half of the year with work undertaken by the Specialist Piling division during the statutory holiday periods of Christmas and Easter. However, the impact of Carillion and other matters will make this year an exception to this usual seasonality. Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities. Loans and borrowings, insurances and head office central services' costs are allocated to the segments based on levels of turnover. All turnover and operations are based in the UK.

Operating segments - 6 months to 31 October 2017

	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Ground Engineering Products £'000	Head Office £'000	Total £'000
Revenue						
Total revenue	24,426	14,237	9,313	8,417	-	56,393
Inter-segment revenue	(1,562)	(93)	(568)	(1,528)	-	(3,751)
Revenue	22,864	14,144	8,745	6,889	-	52,642
Operating profit						
Underlying operating profit	3,495	1,096	396	677	-	5,664
Share-based payments	-	-	-	-	(80)	(80)
Exceptional item	-	-	-	-	-	-
Operating profit	3,495	1,096	396	677	(80)	5,584
Finance expense	-	-	-	-	(268)	(268)
Finance income	-	-	-	-	9	9
Profit before tax	3,495	1,096	396	677	(339)	5,325
Assets						
Property, plant & equipment	13,383	10,499	3,953	1,299	8,235	37,369
Inventories	347	403	222	1,478	-	2,450
Reportable segment assets	13,730	10,902	4,175	2,777	8,235	39,819
Intangible assets	-	-	-	-	2,318	2,318
Trade and other receivables	-	-	-	-	21,049	21,049
Cash and cash equivalents	-	-	-	-	12,042	12,042
Total assets	13,730	10,902	4,175	2,777	43,644	75,228
Liabilities						
Loans and borrowings	-	-	-	-	16,628	16,628
Trade and other payables	-	-	-	-	18,315	18,315
Provisions	-	-	-	-	342	342
Deferred tax	-	-	-	-	778	778
Total liabilities	-	-	-	-	36,063	36,063
Other information						
Capital expenditure	3,854	1,807	1,425	104	198	7,388
Depreciation / amortisation	1,087	1,088	384	181	-	2,740

There are no individual customers accounting for more than 10% of Group revenue in either the current or preceding period.

Operating segments - 6 months to 31 October 2016

	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Ground Engineering Products £'000	Head Office £'000	Total £'000
Revenue						

Total revenue	22,349	11,451	4,866	6,922	-	45,588
Inter-segment revenue	(1,144)	-	-	(1,318)	-	(2,462)
Revenue	21,205	11,451	4,866	5,604	-	43,126
Operating profit						
Underlying operating profit	2,643	1,426	330	498	-	4,897
Share-based payments	-	-	-	-	-	-
Exceptional item	-	-	-	-	(1,452)	(1,452)
Operating profit	2,643	1,426	330	498	(1,452)	3,445
Finance expense	-	-	-	-	(219)	(219)
Finance income	-	-	-	-	5	5
Profit before tax	2,643	1,426	330	498	(1,666)	3,231
Assets						
Property, plant & equipment	8,559	9,584	2,119	1,263	7,305	28,830
Inventories	284	198	57	1,165	-	1,704
Reportable segment assets	8,843	9,782	2,176	2,428	7,305	30,534
Intangible assets	-	-	-	-	2,291	2,291
Trade and other receivables	-	-	-	-	20,353	20,353
Cash and cash equivalents	-	-	-	-	8,806	8,806
Total assets	8,843	9,782	2,176	2,428	38,755	61,984
Liabilities						
Loans and borrowings	-	-	-	-	12,866	12,866
Trade and other payables	-	-	-	-	16,195	16,195
Provisions	-	-	-	-	327	327
Deferred tax	-	-	-	-	712	712
Total liabilities	-	-	-	-	30,100	30,100
Other information						
Capital expenditure	1,442	2,005	925	409	1,117	5,898
Depreciation / amortisation	891	853	270	127	-	2,141

Operating segments - 12 months to 30 April 2017

	General Piling £'000	**Specialist Piling £'000**	**Ground Engineering Services £'000**	**Ground Engineering Products £'000**	**Head Office £'000**	**Total £'000**
Revenue						
Total revenue	45,008	30,126	10,621	13,714	-	99,469
Inter-segment revenue	(2,103)	-	-	(3,273)	-	(5,376)
Revenue	42,905	30,126	10,621	10,441	-	94,093
Operating profit						
Underlying operating profit	4,685	5,355	772	751	-	11,563
Share-based payments	-	-	-	-	(77)	(77)
Exceptional item	-	-	-	-	(1,781)	(1,781)
Operating profit	4,685	5,355	772	751	(1,858)	9,705
Finance expense	-	-	-	-	(436)	(436)
Finance income	-	-	-	-	14	14
Profit before tax	4,685	5,355	772	751	(2,280)	9,283
Assets						
Property, plant & equipment	10,456	9,696	2,778	1,373	7,807	32,110
Inventories	414	370	179	1,460	-	2,423
Reportable segment assets	10,870	10,066	2,957	2,833	7,807	34,533
Intangible assets	-	-	-	-	2,330	2,330
Trade and other receivables	-	-	-	-	18,796	18,796
Cash and cash equivalents	-	-	-	-	12,858	12,858
Total assets	10,870	10,066	2,957	2,833	41,791	68,517
Liabilities						
Loans and borrowings	-	-	-	-	14,316	14,316
Trade and other payables	-	-	-	-	16,760	16,760

Provisions	-	-	-	-	342	342
Deferred tax	-	-	-	-	778	778
Total liabilities	-	-	-	-	32,196	32,196
Other information						
Capital expenditure	4,267	2,948	1,841	668	2,041	11,765
Depreciation / amortisation	1,918	1,848	622	299	-	4,687

There are no individual customers accounting for more than 10% of Group revenue in either the current or preceding year.

3. Exceptional costs

	6 months to 31 Oct 2017 (unaudited) £'000	6 months to 31 Oct 2016 (unaudited) £'000	12 months to 30 Apr 2017 (audited) £'000
Initial Public Offering ("IPO")	**-**	1,452	1,452
Other exceptional costs	**-**	-	329
	-	1,452	1,781

Initial Public Offering ("IPO")

The charge in the prior period represents fees and other costs arising because of the IPO which have not been treated as deductions against the share premium account. Of the exceptional charge of £1,452,000, approximately £104,000 is treated as tax deductible and the balance of £1,348,000 is treated as disallowed tax expenses in the tax computation.

Other exceptional items

The other exceptional item relates to severance costs arising from the Board changes following the IPO and other legal matters arising as a consequence of the IPO. These are treated as fully tax deductible within the tax computation.

4. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	6 months to 31 Oct 2017 (unaudited) '000	6 months to 31 Oct 2016 (unaudited) '000	12 months to 30 Apr 2017 (audited) '000
Basic weighted average number of shares	**80,000**	70,373	75,123
Dilutive potential ordinary shares from share options	**-**	-	-
Diluted weighted average number of shares	**80,000**	70,373	75,123
	£'000	£'000	£'000
Profit for the year	**4,244**	2,236	7,353
Add back / (deduct):			
Share-based payments	**80**	-	77
Exceptional costs	**-**	1,452	1,781
Tax effect of the above	**-**	(21)	(86)
Underlying profit for the year	**4,324**	3,667	9,125
	Pence	Pence	Pence
Earnings per share			
Basic	**5.3**	3.2	9.8
Diluted	**5.3**	3.2	9.8
Basic - excluding exceptional costs and share-based payments	**5.4**	5.2	12.1
Diluted - excluding exceptional costs and share-based payments	**5.4**	5.2	12.1

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders and on 80,000,000 ordinary shares (6 months ended 31 Oct 2016: 70,372,665 and 12 months ended 30 Apr 2017: 75,123,288) being the weighted average number of ordinary shares. In accordance with IAS 33 the weighted average number of shares in issue during the prior period has been retrospectively adjusted for the proportionate change in the number of the shares outstanding because of the bonus issue and share splits that occurred on admission to AIM.

The underlying earnings per share is based on profit adjusted for exceptional operating costs and share-based payment charges, net of tax, and on the same weighted average number of shares used in the basic earnings per share calculation above. The Directors consider that this measure provides an additional indicator of the underlying performance of the Group.

There is no dilutive effect of the share options as performance conditions remain unsatisfied and the share price was below the exercise price.

5. Cash generated from operations

	6 months to 31 Oct 2017 (unaudited) £'000	6 months to 31 Oct 2016 (unaudited) £'000	12 months to 30 Apr 2017 (audited) £'000
Operating profit	**5,584**	3,445	9,705
Adjustments for:			
Depreciation of property, plant and equipment	**2,740**	2,141	4,687
Profit on disposal of property, plant and equipment	**(221)**	-	(89)
Share-based payment expense	**80**	-	77
Operating cash flows before movement in working capital	**8,183**	5,586	14,380
Increase in inventories	**(27)**	(93)	(812)
Increase in trade and other receivables	**(2,332)**	(3,657)	(1,950)
Increase in trade and other payables	**1,287**	833	1,544
Decrease in provisions	**-**	(48)	(33)
Cash generated from operations	**7,111**	2,621	13,129

6. Analysis of cash and cash equivalents and reconciliation to net debt

	31 Oct 2017 (unaudited) £'000	31 Oct 2016 (unaudited) £'000	30 Apr 2017 (audited) £'000
Cash at bank	**11,992**	8,752	12,810
Cash in hand	**50**	54	48
Cash and cash equivalents	**12,042**	8,806	12,858
Bank loans secured	**(1,200)**	(1,350)	(1,275)
Other loans secured	**(157)**	(252)	(205)
Finance leases	**(15,271)**	(11,264)	(12,836)
Net debt	**(4,586)**	(4,060)	(1,458)

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