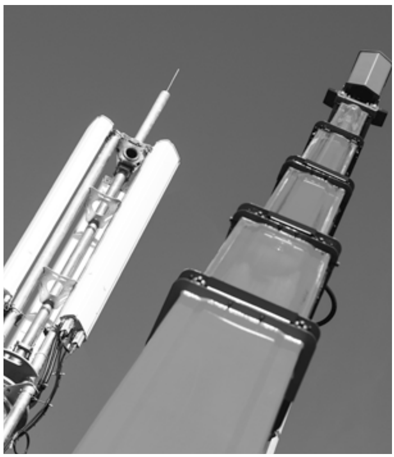
Renew Holdings plc

Interim Report and Accounts 2019

ENGINEERING INFRASTRUCTURE FOR THE FUTURE



ENGINEERING INFRASTRUCTURE FOR THE FUTURE

We provide essential engineering services to maintain and renew critical infrastructure networks.

Our multidisciplinary engineering services are delivered through our independently branded UK subsidiary businesses that support the day-to-day running of these infrastructure networks.

Read more online at: **renewholdings.com**

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RECORD INTERIM RESULTS

Renew is a leading provider of engineering support services to critical UK infrastructure. Working in the regulated Energy, Environmental and Infrastructure markets, we have a wide range of integrated engineering capabilities and specialist knowledge of these markets, enabling our delivery of ongoing maintenance and renewals to support the day-to-day operation of these key infrastructure assets around the UK.

We are focused on engineering programmes funded by non-discretionary operating budgets. These programmes are underpinned by long-term framework agreements, providing visibility of committed funding. We have established strong, lasting relationships with key customers through our reputation for reliability and responsiveness, delivered by our highly skilled, directly employed workforce.

Group Results

The Group has seen record trading in the period, in part reflecting the contribution of QTS which was acquired in May 2018 and is now fully integrated. Adjusted[1] operating profit increased 39% to £18.4m (2018: £13.2m) on revenue of £301.0m (2018: £262.2m). Adjusted[1] operating margin, increased to 6.1% (2018: 5.0%). Adjusted[1] earnings per share was 19.2p (2018: 16.7p). Statutory profit before income tax was £14.5m (2018: £2.4m).

In line with the Board's progressive dividend policy, the interim dividend will increase by 15% to 3.83p (2018: 3.33p) per share which will be paid on 12 July 2019 to shareholders on the register at 7 June 2019. The ex-dividend date will be 6 June 2019.

The Group's order book at 31 March 2019 was £580m (September 2018: £558m) and continues to be underpinned by a solid foundation of long-term frameworks, including significant new awards during the first half of the year.

At 31 March 2019, the Group had net debt of £17.2m which is £4.2m lower than at the previous year end, evidencing the Group's cash generation and our conservative approach to gearing.

Engineering Services

Engineering Services is the key driver of growth for the Group, and accounts for over 90% of revenue and over 95% of operating profit. Engineering Services revenue grew 25% to £281.6m (2018: £226.1m) with adjusted[1] operating profit increasing by 48% to £19.1m (2018: £12.9m) with an improved operating margin of 6.8% (2018: 5.7%). The excellent revenue performance in Engineering Services was a reflection of the impact of QTS as well as strong momentum at the end of the rail Control Period 5 ("CP5") which contributed toward organic growth of 8%.
At 31 March 2019, the Engineering Services order book grew to £531m (September 2018: £511m).

Energy

We support the day-to-day operation, decommissioning and maintenance of assets in the nuclear, thermal, and renewable energy markets.

Working on UK sites that command approximately 90% of the Nuclear Decommissioning Authority's c.£3bn annual expenditure[2], we provide a range of long-term multidisciplinary engineering services. The largest of these facilities is the Sellafield nuclear site in Cumbria, where we remain the largest mechanical and electrical contractor. We work on programmes associated with decontamination, decommissioning and waste management through long-term frameworks including the ten-year Decommissioning Delivery Partnership programme, SR&DP Asset Care, Magnox Swarf Storage Silo, Bulk Sludge Retrieval, Bundling Spares and the Tanks and Vessels Frameworks. Our involvement on these critical workstreams positions us well for emerging opportunities in Sellafield's major new programmes.

For BAE Systems in Barrow-in-Furness, there has been an increasing demand for our engineering support to the nuclear submarine programme and the major redevelopment and upgrade of this facility. We continue to be engaged by Westinghouse at Springfields & Sizewell 'B', Low Level Waste Repository and across Magnox where we deliver mechanical, electrical & instrumentation and decommissioning packages.

In the period we have grown our nuclear client base securing our first orders for work at the new nuclear Hinkley Point 'C' facility. This involves the supply of high-integrity manufactured components from our long established specialist nuclear manufacturing facilities, positioning us strongly for future major opportunities. We have also been appointed to a major decommissioning services framework for new client Dounreay Site Restoration Limited for a term of up to seven years.

We operate at a number of the UK's thermal power stations where our embedded teams continue to deliver long-term engineering maintenance services. During the period we have seen increasing opportunities at the Drax Power Station where we operate on a four-year electrical maintenance framework.

1 2019 adjusted results are shown prior to amortisation and the 2018 results are shown prior to amortisation & exceptional items.
2 NDA Business Plan 1 April 2019 to 31 March 2022 (March 2019).

Engineering Services continued

Environmental

We support a wide range of water infrastructure assets including those across the clean and waste water networks as well as undertaking flood alleviation and coastal protection schemes.

Dŵr Cymru Welsh Water ("Welsh Water") plans to increase spending on Asset Management Period 7 (2020–2025) ("AMP7") by c.15% to £2.3bn[3] compared to AMP6 with improvements focusing on environmental protection and service resilience. Our existing frameworks with Welsh Water include the Pressurised Pipelines Framework, Major Civils Framework and the Capital Delivery Alliance Civils contracts. In addition to ongoing maintenance and renewals tasks across the network, we have seen increasing demand for our emergency reactive works following a number of major events on the water network. We continue to develop our capabilities in dam safety with work on major projects at Usk, Talybont and Llanishen ongoing in the period.

Wessex Water plans a record investment of £1.4bn[4] over the AMP7 period focused on delivering improvements to clean water and sewerage systems. We continue to work closely with Wessex Water on the current AMP6 Civils & EMI Delivery Partners Framework.

For Bristol Water, we have completed a number of schemes in the period including support to their mains rehabilitation programme.

The Environment Agency ("EA") currently spend c.£430m on flood and coastal defences annually, however it estimates that an average annual investment of c.£1bn will be necessary up to 2065 to sufficiently mitigate flooding risk[5]. The Group continues to strengthen its relationship with the EA, securing the award of a further framework on the Flood and Coastal Risk Management ("FCRM") programme in the South East region. This framework now aligns with our current frameworks in the North, Central and South West Regions, which have the ability to run for the next four years. The Group secured a further extension to the EA's Northern Mechanical, Electrical, Instrumentation, Control, and Automation ("MEICA") framework to March 2020.

During the period we were awarded a Sluice Gate Renewals Framework for new client Peel Ports. Our expertise in the management of waterway assets will see us deliver this refurbishment programme over the three-year term.

In land remediation, we were awarded further projects for Harworth Estates and we continue to work on frameworks for SGN and National Grid to remediate the sites of former gas works.

We have seen increasing restoration activity associated with the Palace of Westminster where work continues on the Cast Iron Roof Restoration Framework and structural repair works to the Elizabeth Tower. Our involvement with a number of phases of work at this UNESCO World Heritage site positions us well for major long-term refurbishment programmes.

Infrastructure

As a major provider of infrastructure services to Network Rail, we deliver a wide range of multidisciplinary maintenance and renewals activities alongside an emergency support provision across the national UK's rail network.

The Government remains committed to the UK rail network with Network Rail spending £48bn[6] over the current five-year funding cycle, Control Period 6 ("CP6"). CP6 will see a c.25% increase in spending on operations, maintenance, support, and renewals activities compared to CP5 with an emphasis on delivering an enhanced experience for passengers[6]. Our expanded range of complementary rail capabilities and national delivery provide the Group with greater opportunities within this rail investment cycle.

Network Rail recently announced a significant restructure and further devolution with the rail network managed via 5 regions and 13 routes. Operating nationally across all 13 Network Rail routes, our six-year maintenance frameworks support critical assets on the network including bridges, tunnels, viaducts and major embankments. We directly deliver our services which include civils asset management, fencing, devegetation, drainage and signalling. Frameworks renewed in the period include our five-year drainage frameworks and our national eight-year Road Rail Vehicle ("RRV") framework.

In the period we successfully secured all the CP6 renewals frameworks that we tendered for, maintaining our positions from CP5. This includes the five-year Geotechnical & Earthworks framework and the five-year Multidisciplinary Renewals Framework in the Scotland North East region. In addition, the Group continues to operate on the new national Station Information and Surveillance Services and Telecommunications Renewals frameworks.

Working for London Underground, the Group delivered major depot refurbishment schemes in the period as well as specialist electrical, plant and power schemes through five framework agreements. We have also been awarded the first of five schemes on London Underground's Depot Control System Programme.

Operating as a strategic partner to SPL Powerlines on the Midland Mainline Electrification Programme we have seen our scope grow as the scheme moves into its second phase.

In wireless telecoms, investment in 4G continues to provide good momentum. We continue to see a significant increase in work through Telefonica's frameworks in the North and London. In addition to infrastructure enhancements, we also delivered emergency reactive works for our clients across a wide portfolio of sites. Work is progressing well on the national Emergency Services Network programme and for BT link.

In the period we were also appointed to our first 5G related programme, an area where we see long-term opportunities on the next phase of mobile communications technologies.

Specialist Building

We remain focused on the High Quality Residential market in London and the Home Counties where we specialise in major structural engineering works. In the period, the Group was awarded a number of contracts for repeat clients in the science sector where we continue to be selective and have a long-established track record.

Revenue reduced to £19.4m (2018: £35.3m) in line with Group's expectations and continued focus on contract selectivity and risk management. Operating profit was £0.3m (2018: £0.9m), with an operating margin of 1.5% (2018: 2.5%). In Specialist Building, the order book was £49m (September 2018: £48m).

Board Changes

On the 8 February 2019, Renew was pleased to announce the appointment of Shatish Dasani as a Non-Executive Director and Chairman of the Audit Committee succeeding John Bishop who retired from the Board at the same time. Shatish is a Chartered Accountant with over 20 years' experience in senior public company finance roles across various sectors including building materials, advanced electronics, general industrial and business services.

Outlook

Renew continues to focus on providing engineering support services to the UK's critical Energy, Environmental and Infrastructure markets. The Group has a growing customer base and holds strong positions in its chosen markets, which provides good visibility of long-term opportunities. These regulated markets benefit from non-discretionary maintenance and renewal programmes and, as such, investment is unlikely to be affected by Brexit.

The Group's appointment to a number of key Network Rail CP6 frameworks in the period demonstrates the strength of the Group's position within the UK Rail market and provides significant opportunity for organic growth. It remains the Group's strategy to grow its Engineering Services business both organically and through selective, earnings enhancing acquisitions.

The Board is confident that the Group's full year results will be in-line with its expectations and that it will continue to deliver on the established strategic objectives.

Paul Scott
Chief Executive
21 May 2019

3 Dŵr Cymru Welsh Water Our Plan PR19 Business Plan 2020–2025.
4 Wessex Water Business Plan 2020–2025.
5 Environment Agency Research and analysis Long-term investment scenarios (LTIS) 2019 (Updated May 2019).
6 Network Rail – Strategic Business Plan Summary (9 February 2018).

Condensed consolidated income statement

for the six months ended 31 March 2019

	Note	**Before amortisation of intangible assets 2019 Unaudited £000**	**Amortisation of intangible assets (see Note 3) 2019 Unaudited £000**	**Six months ended 31 March 2019 Unaudited £000**	Six months ended 31 March 2018* Unaudited (restated**) £000	Before exceptional items and amortisation of intangible assets 2018 Audited £000	Exceptional items and amortisation of intangible assets (see Note 3) 2018 Audited £000	Year ended 30 September 2018 Audited £000
Revenue: Group including share of joint venture	2	**300,978**	**—**	**300,978**	262,159	541,469	—	541,469
Less share of joint venture's revenue		**—**	**—**	**—**	(853)	(853)	—	(853)
Group revenue from continuing activities	2	**300,978**	**—**	**300,978**	261,306	540,616	—	540,616
Cost of sales		**(258,964)**	**—**	**(258,964)**	(230,674)	(469,008)	—	(469,008)
Gross profit		**42,014**	**—**	**42,014**	30,632	71,608	—	71,608
Administrative expenses		**(23,584)**	**(3,264)**	**(26,848)**	(27,942)	(40,504)	(15,626)	(56,130)
Share of post-tax result of joint venture		**—**	**—**	**—**	65	—	—	—
Operating profit	2	**18,430**	**(3,264)**	**15,166**	2,755	31,104	(15,626)	15,478
Finance income		**1**	**—**	**1**	1	4	—	4
Finance costs		**(691)**	**—**	**(691)**	(385)	(1,080)	—	(1,080)
Other finance income – defined benefit pension schemes		**—**	**—**	**—**	—	306	—	306
Profit before income tax	2	**17,740**	**(3,264)**	**14,476**	2,371	30,334	(15,626)	14,708
Income tax expense	5	**(3,304)**	**555**	**(2,749)**	(2,266)	(6,364)	841	(5,523)
Profit for the period from continuing activities		**14,436**	**(2,709)**	**11,727**	105	23,970	(14,785)	9,185
Loss for the period from discontinued operations	4	**—**	**—**	**—**	(1,680)	(2,412)	—	(2,412)
Profit/(loss) for the period attributable to equity holders of the parent company		**14,436**	**(2,709)**	**11,727**	(1,575)	21,558	(14,785)	6,773
Basic earnings per share from continuing activities	6	**19.18p**	**(3.60p)**	**15.58p**	0.17p	35.48p	(21.88p)	13.60p
Diluted earnings per share from continuing activities	6	**19.06p**	**(3.57p)**	**15.49p**	0.17p	35.28p	(21.76p)	13.52p
Basic earnings per share	6	**19.18p**	**(3.60p)**	**15.58p**	(2.52p)	31.91p	(21.88p)	10.03p
Diluted earnings per share	6	**19.06p**	**(3.57p)**	**15.49p**	(2.50p)	31.73p	(21.76p)	9.97p
Proposed dividend	7			**3.83p**	3.33p			10.00p

* Operating profit for the six months ended 31 March 2018 is stated after charging £9,923,000 of exceptional items and £552,000 of amortisation cost (see Note 3).

** The prior year comparatives have been restated to be consistent with the reclassification of a discontinued business in the audited accounts for the year ended 30 September 2018.

Condensed consolidated statement of comprehensive income

for the six months ended 31 March 2019

	Six months ended 31 March 2019 Unaudited £000	Six months ended 31 March 2018 Unaudited £000	Year ended 30 September 2018 Audited £000
Profit/(loss) for the period attributable to equity holders of the parent company	**11,727**	(1,575)	6,773
Items that will not be reclassified to profit or loss:			
Movement in actuarial valuation of the defined benefit pension schemes	**—**	—	5,477
Movement on deferred tax relating to the defined benefit pension schemes	**—**	—	(1,917)
Total items that will not be reclassified to profit or loss	**—**	—	3,560
Items that are or may be reclassified subsequently to profit or loss:			
Exchange movement in reserves	**(5)**	(66)	6
Total items that are or may be reclassified subsequently to profit or loss	**(5)**	(66)	6
Total comprehensive income for the period attributable to equity holders of the parent company	**11,722**	(1,641)	10,339

Condensed consolidated statement of changes in equity

for the six months ended 31 March 2019

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Cumulative translation adjustment £000	Share based payments reserve £000	Retained earnings £000	Total equity Unaudited £000
At 1 October 2017	6,259	9,635	3,896	1,305	680	6,284	28,059
Transfer from income statement for the period						(1,575)	(1,575)
Dividends paid						(3,755)	(3,755)
Recognition of share based payments					(114)		(114)
Exchange differences				(66)			(66)
At 31 March 2018	6,259	9,635	3,896	1,239	566	954	22,549
Transfer from income statement for the period						8,348	8,348
Dividends paid						(2,507)	(2,507)
New shares issued	1,268	42,049					43,317
Recognition of share based payments					132		132
Exchange differences				72			72
Actuarial movement recognised in the pension schemes						5,477	5,477
Movement on deferred tax relating to the pension schemes						(1,917)	(1,917)
At 30 September 2018	7,527	51,684	3,896	1,311	698	10,355	75,471
Transfer from income statement for the period						11,727	11,727
Dividends paid						(5,020)	(5,020)
New shares issued	6	220					226
Recognition of share based payments					(272)		(272)
Exchange differences				(5)			(5)
At 31 March 2019	**7,533**	**51,904**	**3,896**	**1,306**	**426**	**17,062**	**82,127**

Condensed consolidated balance sheet

at 31 March 2019

		31 March 2019 Unaudited £000	31 March 2018 Unaudited £000	30 September 2018 Audited £000
Non-current assets				
Intangible assets	– goodwill	**105,282**	51,089	105,282
	– other	**12,727**	2,127	15,991
Property, plant and equipment		**20,182**	11,951	19,710
Investment in joint venture		**123**	302	123
Retirement benefit assets		**23,271**	11,822	20,424
Deferred tax assets		**1,502**	1,935	1,592
		163,087	79,226	163,122
Current assets				
Inventories		**1,624**	4,543	1,691
Assets held for resale		**1,500**	1,500	1,500
Trade and other receivables		**119,133**	99,450	129,376
Cash and cash equivalents		**8,999**	112	9,179
		131,256	105,605	141,746
Total assets		**294,343**	184,831	304,868
Non-current liabilities				
Borrowings		**(17,498)**	—	(21,873)
Obligations under finance leases		**(2,645)**	(2,344)	(2,253)
Retirement benefit obligations		**—**	(538)	—
Deferred tax liabilities		**(10,353)**	(4,543)	(9,912)
Provisions		**(298)**	(314)	(298)
		(30,794)	(7,739)	(34,336)
Current liabilities				
Borrowings		**(8,752)**	(2,578)	(8,752)
Trade and other payables		**(166,527)**	(148,929)	(179,913)
Obligations under finance leases		**(2,228)**	(2,206)	(2,100)
Current tax liabilities		**(1,864)**	(794)	(2,245)
Provisions		**(2,051)**	(36)	(2,051)
		(181,422)	(154,543)	(195,061)
Total liabilities		**(212,216)**	(162,282)	(229,397)
Net assets		**82,127**	22,549	75,471
Share capital		**7,533**	6,259	7,527
Share premium account		**51,904**	9,635	51,684
Capital redemption reserve		**3,896**	3,896	3,896
Cumulative translation adjustment		**1,306**	1,239	1,311
Share based payments reserve		**426**	566	698
Retained earnings		**17,062**	954	10,355
Total equity		**82,127**	22,549	75,471

Condensed consolidated cashflow statement

for the six months ended 31 March 2019

	Six months ended 31 March 2019 Unaudited £000	Six months ended 31 March 2018 Unaudited (restated**) £000	Year ended 30 September 2018 Audited £000
Profit for the period from continuing operating activities	**11,727**	105	9,185
Share of post tax trading result of joint venture	**—**	(65)	—
Impairment and amortisation of intangible assets	**3,264**	7,445	4,157
Loss on disposal of discontinued business	**—**	3,030	9,930
Depreciation	**2,826**	1,789	4,356
Profit on sale of property, plant and equipment	**(377)**	(156)	(469)
Expense in respect of share option exercise	**226**	—	—
Decrease/(increase) in inventories	**67**	(747)	(1,190)
Decrease/(increase) in receivables	**7,187**	12,659	(4,974)
Decrease in payables	**(11,946)**	(20,764)	(3,054)
Current and past service cost in respect of defined benefit pension scheme	**30**	29	64
Cash contribution to defined benefit pension schemes	**(2,847)**	(2,352)	(5,772)
(Credit)/expense in respect of share options	**(272)**	(114)	18
Finance income	**(1)**	(1)	(4)
Finance expense	**691**	385	774
Interest paid	**(691)**	(385)	(1,080)
Income taxes paid	**(2,600)**	(479)	(1,717)
Income tax expense	**2,749**	2,266	5,523
Net cash inflow from continuing operating activities	**10,033**	2,645	15,747
Net cash inflow/(outflow) from discontinued operating activities	**1,585**	(3,825)	825
Net cash inflow/(outflow) from operating activities	**11,618**	(1,180)	16,572
Investing activities			
Interest received	**1**	1	4
Dividend received from joint venture	**—**	—	114
Proceeds on disposal of property, plant and equipment	**581**	374	788
Purchases of property, plant and equipment	**(1,680)**	(284)	(1,329)
Acquisition of subsidiaries net of cash acquired	**—**	—	(75,874)
Net cash (outflow)/inflow from continuing investing activities	**(1,098)**	91	(76,297)
Net cash outflow from discontinued investing activities	**—**	(46)	—
Net cash (outflow)/inflow from investing activities	**(1,098)**	45	(76,297)
Financing activities			
Dividends paid	**(5,020)**	(3,755)	(6,262)
Issue of Ordinary Shares	**—**	—	43,317
New loan	**—**	—	35,000
Loan repayments	**(4,375)**	(3,100)	(7,475)
Repayment of obligations under finance leases	**(1,303)**	(1,410)	(2,699)
Net cash (outflow)/inflow from continuing financing activities	**(10,698)**	(8,265)	61,881
Net cash outflow from discontinued financing activities	**—**	(25)	—
Net cash (outflow)/inflow from financing activities	**(10,698)**	(8,290)	61,881
Net (decrease)/increase in continuing cash and cash equivalents	**(1,763)**	(5,529)	1,331
Net increase/(decrease) in discontinued cash and cash equivalents	**1,585**	(3,896)	825
Net (decrease)/increase in cash and cash equivalents	**(178)**	(9,425)	2,156
Cash and cash equivalents at beginning of the period	**9,179**	6,967	6,967
Effect of foreign exchange rate changes on cash and cash equivalents	**(2)**	(8)	56
Cash and cash equivalents at end of period	**8,999**	(2,466)	9,179
Bank balances and cash	**8,999**	112	9,179
Overdraft	**—**	(2,578)	—
	8,999	(2,466)	9,179

** The prior year comparatives have been restated to be consistent with the reclassification of a discontinued business in the audited accounts for the year ended 30 September 2018.

Notes to the condensed consolidated accounts

1 Basis of preparation

(a) The condensed consolidated interim financial report for the six months ended 31 March 2019 and the equivalent period in 2018 has not been audited or reviewed by the Group's auditor. It does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. It has been prepared under the historical cost convention and on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The report does not comply with IAS 34 "Interim Financial Reporting", which is not currently required to be applied for AIM companies and it was approved by the Directors on 21 May 2019.

(b) The accounts for the year ended 30 September 2018 were prepared under IFRS and have been delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Sections 498(2) or (3) of the Companies Act 2006. In this report, the comparative figures for the year ended 30 September 2018 have been audited. The comparative figures for the period ended 31 March 2018 are unaudited.

(c) For the year ending 30 September 2019, two new accounting standards, IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers", which have been adopted by the EU, applied and have been implemented for the condensed consolidated interim financial report. The accounting policies adopted in the preparation of the condensed consolidated interim financial report are consistent with those adopted in the Group's accounts for the year ended 30 September 2018 except for the impact of IFRS 15. The adoption of IFRS 9 from 1 October 2018 did not result in adjustments to the amounts recognised in the financial statements. The Group has no hedging transactions.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 11 "Construction Contracts" and related interpretations. IFRS 15 introduces new concepts for revenue and cost recognition. Unlike IAS 11 there is no automatic right to recognise revenue on a progressive basis for construction contracts. Progressive revenue recognition is only permitted where the contractual rights and obligations satisfy certain criteria. The Group's revenue qualifies to be recognised over time, and the series of distinct performance obligations carried out under framework agreements has resulted in no change to revenue recognition. The Group has adopted IFRS 15 using the input method with the effect of applying this standard recognised at the date of initial application (1 October 2018). As noted above, IFRS 15 has had no impact on the timing of revenue recognised by the Group, and so the comparative figures in the financial statements are unchanged as a consequence of the transition to the new standard.

(d) The principal risks and uncertainties affecting the Group are unchanged from those set out in the Group's accounts for the year ended 30 September 2018. The Directors have reviewed financial forecasts and are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Group continues to adopt the going concern basis in preparing the condensed consolidated interim financial report.

This condensed consolidated interim financial report is being sent to all shareholders and is also available upon request from the Company Secretary, Renew Holdings plc, 3175 Century Way, Thorpe Park, Leeds LS15 8ZB, or via the website, www.renewholdings.com.

2 Segmental analysis

Operating segments have been identified based on the internal reporting information provided to the Group's Chief Operating Decision Maker. From such information, Engineering Services and Specialist Building have been determined to represent operating segments.

	Group including share of joint venture 2019 Unaudited £000	Less share of joint venture 2019 Unaudited £000	Group revenue from continuing activities Six months ended 31 March 2019 Unaudited £000	Group revenue from continuing activities Six months ended 31 March 2018* Unaudited (restated) £000	Group including share of joint venture 2018 Audited £000	Less share of joint venture 2018 Audited £000	Group revenue from continuing activities Year ended 30 September 2018 Audited £000
Revenue is analysed as follows:							
Engineering Services	**281,552**	**—**	**281,552**	226,136	467,335	(853)	466,482
Specialist Building	**19,426**	**—**	**19,426**	35,279	74,208	—	74,208
Inter-segment revenue	**(633)**	**—**	**(633)**	(144)	(1,208)	—	(1,208)
Segment revenue	**300,345**	**—**	**300,345**	261,271	540,335	(853)	539,482
Central activities	**633**	**—**	**633**	35	1,134	—	1,134
Group revenue from continuing operations	**300,978**	**—**	**300,978**	261,306	541,469	(853)	540,616

* Revenue for the six months ended 31 March 2018 is stated after eliminating £853,000 of joint venture income. Reclassification of a small subsidiary from Specialist Building to Engineering Services has resulted in a corresponding reclassification of the comparative segmental analysis.

	Before amortisation of intangible assets 2019 Unaudited £000	Amortisation of intangible assets 2019 Unaudited £000	Six months ended 31 March 2019 Unaudited £000	Six months ended 31 March 2018* Unaudited (restated) £000	Before exceptional items and amortisation of intangible assets 2018 Audited £000	Exceptional items and amortisation of intangible assets 2018 Audited £000	Year ended 30 September 2018 Audited £000
Analysis of operating profit							
Engineering Services	**19,096**	**(3,264)**	**15,832**	2,431	32,520	(15,626)	16,894
Specialist Building	**333**	**—**	**333**	920	574	—	574
Segment operating profit	**19,429**	**(3,264)**	**16,165**	3,351	33,094	(15,626)	17,468
Central activities	**(999)**	**—**	**(999)**	(596)	(1,990)	—	(1,990)
Operating profit	**18,430**	**(3,264)**	**15,166**	2,755	31,104	(15,626)	15,478
Net financing expense	**(690)**	**—**	**(690)**	(384)	(770)	—	(770)
Profit before income tax	**17,740**	**(3,264)**	**14,476**	2,371	30,334	(15,626)	14,708

* Operating profit for the six months ended 31 March 2018 is stated after charging £9,923,000 of exceptional items and £552,000 of amortisation cost (see Note 3). Reclassification of a small subsidiary from Specialist Building to Engineering Services has resulted in a corresponding reclassification of the comparative segmental analysis.

Notes to the condensed consolidated accounts continued

3 Exceptional items and amortisation of intangible assets

	Six months ended 31 March 2019 Unaudited £000	Six months ended 31 March 2018 Unaudited £000	Year ended 30 September 2018 Audited £000
Acquisition costs	**—**	—	1,539
Impairment of goodwill	**—**	6,893	6,893
Loss on disposal	**—**	3,030	3,037
Total charges arising from exceptional items	**—**	9,923	11,469
Amortisation of intangible assets	**3,264**	552	4,157
	3,264	10,475	15,626

4 Loss for the period from discontinued operations

	Six months ended 31 March 2019 Unaudited £000	Six months ended 31 March 2018 Unaudited (restated) £000	Year ended 30 September 2018 Audited £000
Revenue	**—**	4,835	11,412
Expenses	**—**	(6,515)	(13,667)
Loss before income tax	**—**	(1,680)	(2,255)
Income tax charge	**—**	—	(157)
Loss for the period from discontinued operations	**—**	(1,680)	(2,412)

5 Income tax expense

	Six months ended 31 March 2019 Unaudited £000	Six months ended 31 March 2018 Unaudited £000	Year ended 30 September 2018 Audited £000
Current tax:			
UK corporation tax on profit for the period	**(2,218)**	(1,493)	(3,571)
Adjustments in respect of previous periods	**—**	—	(336)
Total current tax	**(2,218)**	(1,493)	(3,907)
Deferred tax	**(531)**	(773)	(1,616)
Income tax expense	**(2,749)**	(2,266)	(5,523)

6 Earnings per share

	Six months ended 31 March 2019 Unaudited			Six months ended 31 March 2018 Unaudited			Year ended 30 September 2018 Audited		
	Earnings £000	EPS Pence	DEPS Pence	Earnings (restated) £000	EPS (restated) Pence	DEPS (restated) Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional items and amortisation	**14,436**	**19.18**	**19.06**	10,475	16.74	16.63	23,970	35.48	35.28
Exceptional items and amortisation	**(2,709)**	**(3.60)**	**(3.57)**	(10,370)	(16.57)	(16.46)	(14,785)	(21.88)	(21.76)
Basic earnings per share – continuing activities	**11,727**	**15.58**	**15.49**	105	0.17	0.17	9,185	13.60	13.52
Loss for the period from discontinued operations	**—**	**—**	**—**	(1,680)	(2.69)	(2.67)	(2,412)	(3.57)	(3.55)
Basic earnings per share	**11,727**	**15.58**	**15.49**	(1,575)	(2.52)	(2.50)	6,773	10.03	9.97
Weighted average number of shares		**75,285**	**75,721**		62,592	62,983		67,558	67,938

The dilutive effect of share options is to increase the number of shares by 436,000 (March 2018: 391,000; September 2018: 380,000) and reduce basic earnings per share by 0.09p (March 2018: (0.02)p; September 2018: 0.06p).

7 Dividends

The proposed interim dividend is 3.83p per share (2018: 3.33p). This will be paid out of the Company's available distributable reserves to shareholders on the register on 7 June 2019, payable on 12 July 2019. The ex-dividend date will be 6 June 2019. In accordance with IAS 1, dividends are recorded only when paid and are shown as a movement in equity rather than as a charge in the income statement.

Directors, officers and advisors

Directors

D M Forbes	(Non-executive Chairman)
P Scott	(Chief Executive Officer)
S Wyndham-Quin CA	(Chief Financial Officer)
D A Brown	(Independent non-executive)
Shatish Dasani	(Independent non-executive)
A Liebenberg	(Executive Director)

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