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Water Intelligence PLC
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Water Intelligence plc (AIM: WATR.L)

("Water Intelligence", the "Group" or the "Company")

Interim Results for the six months ended 30 June 2017

Water Intelligence, a leading provider of non-invasive leak detection and remediation services, is pleased to present its interim results for the period ended 30 June 2017.

Highlights

1. <u>Financial Results</u>

- Total revenue increased 53% to $8.52 million (2016: $5.57 million); Growth accelerating
  - Comparable periods: Effectively doubles the 1H 2016 27% growth rate compared with 1H 2015 ($4.40 million)
  - Rolling periods: 29% growth when comparing 1H 2017 to 2H 2016 (2H 2016: $6.61 million)
- All major revenue streams grow strongly comprising
  - Franchise royalty income growth of 10% to $3.17 million (2016: $2.89 million)
  - Franchise related activities (equipment sales and Business-to-Business channel) growth of 93% to $1.56 million (2016: $0.81 million)
  - Corporate owned stores growth of 71% to $3.06 million (2016: $1.79 million)
  - International corporate activities led by UK-based NRW Utilities at $0.73 million (2016: $0.07 million)
- Profit before tax in-line with expectations
  - Underlying profit before tax increased by 18% to $0.99 million (1H 2016: $0.84 million) after adjusting for (i) One-time costs of $0.14 million (1H 2016: $0.02 million) from transactions and (ii) same number of payroll periods in 1H 2017 and 1H 2016 (3 payroll periods in 1H 2017 versus 3 payroll periods in 2H 2016 due to calendar)
  - Statutory profit before tax down 14% to $0.85 million (2016: $0.98 million)
  - Reinvestment in both additional staff and marketing efforts in order to capitalise on market opportunities in its geographies especially Australia expansion and layering-in municipal via the existing US franchise business
- Balance sheet strong
  - Cash doubles to $1.03 million (2016: $0.62 million)
  - Net debt improves to ($0.94) million (1H 2016: ($1.22) million)
  - Bank lines of credit available: Acquisition $1.1 million; Working Capital $250,000

2. <u>Strategy and Corporate Development</u>

- Insurance channel (business-to-business): 17,700 jobs 1H 2017 (1H 2016: 9,050), significant factor in royalty income growth

- On 9 August 2017, the Group completed the reacquisition of its Northern Virginia franchise and combined it with its Washington D.C. location which opened 8 May 2017 to create a regional corporate center
- On 7 June 2017, the Group completed its reacquisition of its Indianapolis franchise.

Dr. Patrick DeSouza, Executive Chairman of Water Intelligence, commented: "We are pleased that growth is accelerating across business lines and geographies and that we are creating a platform with end-to-end solutions for water loss through leakage: residential, commercial, municipal, potable, and non-potable. We are reinvesting to push our market presence whilst maintaining a healthy level of profits and a prudent balance sheet that enables us to seize opportunities. Our next near-term milestone is $20 million in sales."

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Stephen Norcross (Corporate Broking)

Chairman's Statement

Our Interim Results support our priority of accelerating corporate development to gain visibility in the market as a multinational growth company that provides end-to-end solutions for the worldwide problem of water loss through leakage. We have previously framed the concept of "end-to-end solutions" as a "One Stop Shop" or a "platform" and believe this type of business model makes for a more valuable company for customers, franchisees and shareholders.

We have always delivered clean water leak detection and remediation solutions to residential, commercial and municipal customers throughout the United States as part of our core American Leak Detection brand. With our acquisition in 2016 of UK-based NRW Utilities, we are now able to deliver gray water solutions for sewer and wastewater problems, for now largely in the UK. With our acquisition in 2016 of a former American Leak Detection franchise in Sydney, we can now develop Australia both through existing franchisees and a corporate operation. Our Sydney operation is one where we currently execute the "end-to-end" approach from residential to municipal. During the first half of 2017, we have invested a significant amount of capital both to position the Sydney operation going forward as a case study of this "end-to-end" approach and to market a municipal offering in the US through our franchise System. Such reinvestment did not get in the way of accelerating our sales growth, maintaining a level of profits that is ahead of last year (after taking into account the adjustments discussed below) or retaining a level of cash that enables us to take advantage of future opportunities.

Results. Sales growth is accelerating both for comparable periods (1H 2017 versus 1H 2016) and for rolling periods (1H 2017 versus 2H 2016). Through June, sales reached approximately $8.52 million representing 53% growth over the same period during 2016 (1H 2016: $5.57 million). This growth rate is almost *double* the 27% 1H sales growth achieved when comparing 1H 2016 to 1H 2015 ($5.57 million compared with $4.40 million). To get an even better perspective on our growth trajectory, we achieved almost the same amount of sales during the first half of 2017 as we achieved for full year 2015 which amounted to $8.84 million. Finally, full year 2016 sales growth reached 38% to $12.18 implying 2H 2016 sales of $6.61 million. Hence our 1H 2017 sales of $8.52 million shows continued acceleration in rolling half year periods with 29% growth compared to 2H 2016.

Underlying our Group's top-line growth, the key revenue channels are also accelerating. Through June, royalty growth from the American Leak Detection ("ALD") franchise business is running at approximately 10% reaching $3.17 million. Such royalty income implies that System-wide sales for the franchise business, from which royalty income is derived, is passing $80 million notwithstanding the continued reacquisition of select franchise territories. The acceleration in growth has been largely a result of sales through national channels, led by insurance companies, as well as, continued strong local progress. The number of insurance jobs arising through the business-to-business channel reached 17,700 as compared with 9,050 for 1H 2016. Further, sales from ALD's corporate stores are running at 71% growth reaching $3.06 million, demonstrating our ability to accelerate growth in operating units following reacquisition and additional investment. Further, UK sales from NRW's municipal business continue to grow reaching $0.73 million for the first half of 2017. As noted above, we are investing in order to leverage this business line through the ALD network, especially in Australia, in future periods.

Despite this commitment to acceleration, profits before tax at $846,363 remained in-line with expectations after the adjustments discussed below. Nominally, this profits before tax amount for 1H 2017 was 14% lower than 1H 2016 at $978,000. It is important to note, however, that 1H 2017 had one extra payroll period because of the timing of the calendar. The same payroll period in 2016 was recorded in July. Hence comparing "like-to-like", if one adds a payroll period and associated expenses to 1H 2016 then 1H 2017 profits before tax would be slightly ahead by 3% (1H 2016 profits before tax adjusted: $823,631).

Moreover, when evaluating our underlying operational profitability, we have begun to track in the Strategic Report to our 2016 audited accounts one-time expenses related to transactions because of the on-going acquisition component of our growth strategy. These expenses cannot be capitalised under IFRS accounting but are not part of on-going operations. One-time costs during 1H 2017 amounted to $144,152. During 1H 2017, one-time costs, especially legal, were attributable to: (i) the structuring of Water Intelligence International to include NRW Utilities and (ii) the acquisitions of Sydney (including severance), Indianapolis and Northern Virginia. One-time costs during 2016 amounted to $296,000 with only $17,851 accrued during 1H 2016. Hence, when adjusted for One-Time costs in both 1H 2017 and 1H 2016, as well as, differing payroll periods due to the calendar, the "like-to-like" comparison of underlying operational profitability is 1H 2017 at $0.99 million or 18% higher than 1H 2016 at $0.84 million.

On the balance sheet side, the Group is also in strong position to execute its growth plan. Cash at the end of June was a little over $1.03 million, which is almost *double* the cash on hand of $0.62 million at 30 June 2016 and consistent with year-end 2016 levels of $1.06 million. Moreover, our cash net of our financial commitments is also well-positioned. First, when one considers bank debt, our net debt amounts to ($0.94) million which is an improvement from ($1.22) million at 30 June 2016. Second, when one adds to net debt the obligation of deferred consideration (spread over the next four years) resulting from our acquisitions, then those combined net obligations rise to $2.12 million compared with $1.67 million at 30 June 2016. It is important to underscore that because the Group at 30 June 2017 has approximately $1.1 million in a bank acquisition line of credit and $250,000 in a bank working capital line that remains untapped, available cash resources are sufficient to meet all strategic obligations. It should be noted that on 30 August, we drew approximately $180,000 from our acquisition line of credit to provide for the payment of deferred consideration related to our 2016 acquisition of NRW Utilities. Our corporate finance strategy remains prudent.

Outlook

We are sticking to our multinational growth plan, expanding organically through our American Leak Detection brand and by selective acquisition. Our competitive strategy focuses on leveraging the breadth of our US and international sales footprint to reinforce our appeal as an "end-to-end" solutions platform for national accounts such as insurance and property management. To track our results from such a competitive strategy, we have set forth in our segmental information the growth of our business-to-business channel. This activity supplements our direct-to-consumer sales efforts at the franchise and corporate operations levels. We have recorded that amount as part of our "Franchise-related activities" which also includes product and equipment sales. Currently, franchise-related activities have reached $1.56 million which is again almost *double* the amount for the period ending 30 June 2016 (1H 2016: $0.81 million) and approaching the full year 2016 amount of $1.73 million. As noted above, we have almost doubled the number of insurance jobs arising out of the business-to-business channel.

In taking stock of 1H 2017, after doubling the (i) rate of sales growth; (ii) cash on hand; and (iii) business-to-business channel when compared with 1H 2016, we believe we have an exciting business model that balances growth, reinvestment and corporate finance prudence. As noted in the 2016 Statement, we continue to believe that the milestone of $20 million in annual sales for Water Intelligence may be within sight at year-end 2017, up from $8.84 million at year-end 2015.

Interim Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
		$	$	$
		Unaudited	**Unaudited**	**Audited**
Revenue	3	8,517,657	5,565,846	12,175,237
Cost of sales		(1,441,639)	(750,842)	(1,667,004)
Gross profit		**7,076,018**	**4,815,004**	**10,508,233**
Administrative expenses				
- Other income		28,213	8,458	24,621

- Share-based payments		(30,473)	(25,643)	(37,459)
- Amortisation of intangibles		(159,199)	(136,246)	(295,606)
- Other administrative costs		(6,015,907)	(3,633,173)	(9,267,496)
Total administrative expenses		(6,177,366)	(3,786,604)	(9,575,940)
Operating profit		**898,652**	**1,028,400**	**932,293**
Finance income		5,667	7,580	12,264
Finance expense		(57,956)	(57,348)	(172,086)
Profit before tax	3	**846,363**	**978,632**	**772,471**
Taxation expense		(321,618)	(371,880)	(294,098)
Profit for the period		**524,745**	**606,752**	**478,373**
Attributable to:				
Equity holders of the parent		546,150	606,752	484,669
Non-controlling interests		(21,405)	-	(6,296)
		524,745	**606,752**	**478,373**
Other comprehensive income				
Exchange differences arising on translation of foreign operations		16,511	(107,617)	(116,548)
Total comprehensive income for the period		**541,256**	**499,135**	**361,825**
Earnings per share		**Cents**	**Cents**	**Cents**
Basic	4	4.6	5.7	4.5
Diluted	4	4.4	5.7	4.4

Consolidated Statement of Financial Position as at 30 June 2017

	Notes	At 30 June 2017	At 30 June 2016	At 31 December 2016
		$	$	$
		Unaudited	Unaudited	Audited
ASSETS				
Non-current assets				
Goodwill		3,331,155	1,879,327	2,906,531
Other intangible assets		2,445,661	2,551,013	2,518,451
Property, plant and equipment		544,184	306,734	436,928
Trade and other receivables		41,987	8,918	42,445
		6,362,987	4,745,992	5,904,355
Current assets				
Inventories		300,866	355,611	327,501
Trade and other receivables		2,950,375	1,957,262	2,206,079
Cash and cash equivalents		1,028,336	623,917	1,056,888
		4,279,577	2,936,790	3,590,468
TOTAL ASSETS	3	10,642,564	7,682,782	9,494,823
EQUITY AND LIABILITIES				
Equity attributable to holders of the parent				
Share capital	6	63,340	53,566	64,257
Share premium	6	926,787	28,807	926,787
Shares held in treasury	6	917	-	-
Merger reserve		1,001,150	1,001,150	1,001,150
Share based payment reserve		103,164	60,875	72,691
Other reserves		(248,132)	(255,712)	(264,643)
Reverse acquisition reserve		(27,758,088)	(27,758,088)	(27,758,088)
Retained profit		31,574,564	31,230,685	31,108,642
		5,663,702	4,361,283	5,150,796
Equity attributable to Non-Controlling interest				
Non-controlling interest		72,299	-	93,704
Non-current liabilities				
Borrowings		1,473,005	1,243,945	1,327,593
Deferred consideration		628,666	297,208	612,225
Deferred tax liability		628,342	467,677	305,081
		2,730,013	2,008,830	2,244,899
Current liabilities				
Trade and other payables		1,130,341	557,307	950,725
Borrowings		492,453	605,362	492,453
Deferred consideration	8	553,756	150,000	562,246
		2,176,550	1,312,669	2,005,424

TOTAL EQUITY AND LIABILITIES	10,642,564	7,682,782	9,494,823

Interim Consolidated Statement of Changes in Equity
For the six months ended 30 June 2017

	Share Capital	Share Premium	Shares held in treasury	Reverse Acquisition Reserve	Merger Reserve	Share based payment reserve	Other Reserves	Retained Profit	Total	Non-controlling interest	Total Equity
	$	$	$	$	$	$	$	$	$	$	$
As at 1 January 2016	**12,733,307**	**4,829,377**	**6,517,644**	**(27,758,088)**	**8,501,150**	**35,232**	**(148,095)**	**(874,022)**	**3,836,505**	**-**	**3,836,505**
Cancellation of deferred shares	(12,679,741)	-	-	-	-	-	-	12,679,741	-	-	-
Cancellation of share premium account	-	(4,800,570)	-	-	-	-	-	4,800,570	-	-	-
Cancellation of capital redemption reserve	-	-	(6,517,644)	-	-	-	-	6,517,644	-	-	-
Issue of capital reduction shares	7,500,000	-	-	-	(7,500,000)	-		-	-	-	-
Cancellation of capital reduction shares	(7,500,000)	-	-	-	-	-	-	7,500,000	-	-	-

Share based payment expense	-	-	-	-	-	25,643	-	-	25,643	-	25,643
Profit for the period	-	-	-	-	-	-	-	606,752	606,752	-	606,752
Other Comprehensive loss	-	-	-	-	-	-	(107,617)	-	(107,617)	-	(107,617)
As at 30 June 2016 (unaudited)	**53,566**	**28,807**	**-**	**(27,758,088)**	**1,001,150**	**60,875**	**(255,712)**	**31,230,685**	**4,361,283**	**-**	**4,361,283**
Issue of ordinary shares	10,691	898,020	-	-	-	-	-	-	908,711	-	908,711
Cancellation of share premium account	-	(40)	-	-	-	-	-	40	-	-	-
Share-based payment expense	-	-	-	-	-	11,816	-	-	11,816	-	11,816
Equity contributions	-	-	-	-	-	-	-	-	-	100,000	100,000
Loss for the period	-	-	-	-	-	-	-	(122,083)	(122,083)	(6,296)	(128,379)
Other comprehensive loss	-	-	-	-	-	-	(8,931)	-	(8,931)	-	(8,931)
As at 31 December 2016 (audited)	**64,257**	**926,787**	**-**	**(27,758,088)**	**1,001,150**	**72,691**	**(264,643)**	**31,108,642**	**5,150,796**	**93,704**	**5,244,500**

Share buyback	(917)	-	917	-	-	-	-	(80,228)	(80,228)	-	(80,228)
Share based payment expense	-	-	-	-	-	30,473	-	-	30,473	-	30,473
Profit for the period	-	-	-	-	-	-	-	546,150	546,150	(21,405)	524,745
Other comprehensive income	-	-	-	-	-	-	16,511	-	16,511	-	16,511
As at June 2017 (unaudited)	**63,340**	**926,787**	**917**	**(27,758,088)**	**1,001,150**	**103,164**	**(248,132)**	**31,574,564**	**5,663,702**	**72,299**	**5,736,001**

Interim Consolidated Statement of Cash Flows
For the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 $ Unaudited	Six months ended 30 June 2016 $ Unaudited	Year ended 31 December 2016 $ Audited
Net cash generated from operating activities	5	256,408	479,395	533,099
Cash flows from investing activities				
Purchase of plant and equipment		(172,856)	(225,694)	(347,660)
Purchase of intangibles		-	-	-
Acquisition of subsidiaries		-	-	(329,368)
Reacquisition of Franchises		(125,000)	(410,300)	(449,094)
Interest received		5,667	7,580	12,264

Net cash used in investing activities	(292,189)	(628,414)	(1,113,858)
Cash flows from financing activities			
Issue of ordinary share capital	-	-	10,691
Premium on issue of ordinary share capital	-	-	898,020
Share buy-back	(80,228)	-	-
Interest paid	(57,957)	(57,348)	(172,086)
Proceeds from borrowings	329,750	-	276,468
Repayment of borrowings	(184,337)	-	(475,426)
Deferred financing costs	-	-	(31,473)
Equity contributions - non-controlling interest	-	(201,170)	100,000
Net cash generated by/(used in) financing activities	7,228	(258,518)	606,194
Net (decrease)/increase in cash and cash equivalents	(28,553)	(407,537)	25,435
Cash and cash equivalents at the beginning of period	1,056,889	1,031,454	1,031,454
Cash and cash equivalents at end of period	1,028,336	623,917	1,056,889

Notes to the Interim Consolidated Financial Information for the six months ended 30 June 2017

1 General information

The Group is a leading provider of non-invasive, leak detection and remediation services. The Group's strategy is to be a provider of "end-to-end" solutions for the problem of water loss through leakage. The Group is a "one-stop shop" for residential, commercial and municipal customers whether for potable or non-potable water issues.

The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 03923150 in England and Wales. The Company's registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT.

2 Significant accounting policies

Basis of preparation and changes to the Group's accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial information are consistent with those of the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016. No new IFRS standards, amendments or interpretations became effective in the six months to 30 June 2017 which had a material effect on this interim consolidated financial information.

This interim consolidated financial information for the six months ended 30 June 2017 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 December 2016, which have been prepared in accordance with International Financial Reporting Standards (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 June 2017 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. Comparative numbers for the six months ended 30 June 2016 are unaudited.

This interim consolidated financial information is presented in US Dollars ($), rounded to the nearest dollar.

Foreign currencies

(i) Functional and presentational currency

Items included in this interim consolidated financial information are measured using the currency of the primary economic environment in which each entity operates ("the functional currency") which is considered by the Directors to be the Pounds Sterling (£) for the Parent Company and US Dollars ($) for American Leak Detection Holding Corp. This interim consolidated financial information has been presented in US Dollars which represents the dominant economic environment in which the Group operates and is considered to be the functional currency of the Group. The effective exchange rate at 30 June 2017 was £1 = US$ 1.30273 (*30 June 2016: £1 = US$* 1.3436).

Critical accounting estimates and judgments

The preparation of interim consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period.

Although these estimates are based on management's best knowledge of current events and actions, the resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing this interim consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

3 Segmental information

In the opinion of the Directors, the operations of the Group currently comprise four operating segments: (i) franchise royalties, (ii) franchise-related activities including business-to-business sales and product and equipment sales, (iii) corporate-operated stores (US and international) and (iv) international corporate (business-to-business) led by UK-based NRW Utilities.

The Group mainly operates in the US, with operations in the UK and certain other countries. In the six months to 30 June 2017, 88.25% (2016: 98.75%) of its revenue came from the US based operations; the remaining 11.75% (2016: 1.25%) of its revenue came from either UK or overseas based operations.

No single customer accounts for more than 10% of the Group's total external revenue.

The Group adopted IFRS 8 Operating Segments with effect from 1 July 2008. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group.

Information reported to the Group's Chief Operating Decision Maker (being the Executive Chairman), for the purpose of resource allocation and assessment of division performance is separated into four segments:

- Franchisor royalty income;
- Franchise-related activities (including product and equipment sales and business-to-business sales);
- Corporate owned stores; and
- International corporate activities (business-to-business) led by UK-based NRW Utilities

Items that do not fall into the four segments have been categorised as unallocated head office costs and one-time costs which reflect non-recurring costs associated with the Group's acquisition strategy.

The following is an analysis of the Group's revenues, results from operations and assets:

Revenue	**Six months ended 30 June 2017 $ Unaudited**	**Six months ended 30 June 2016 $ Unaudited**	**Year ended 31 December 2016 $ Audited**
Franchise royalty income	3,173,654	2,892,945	5,543,207

Franchise related activities	1,562,806	811,911	1,731,849
Corporate owned stores	3,050,879	1,791,374	4,216,584
International corporate activities	730,318	69,616	683,597
Total	**8,517,657**	**5,565,846**	**12,175,237**

Profit before tax	**Six months ended 30 June 2017 $ Unaudited**	**Six months ended 30 June 2016 $ Unaudited**	**Year ended 31 December 2016 $ Audited**
Franchise royalty income	968,316	1,006,571	1,219,247
Franchise related activities	121,168	42,636	226,934
Corporate owned stores	65,236	180,422	324,423
International corporate activities	(19,573)	(7,386)	139,004
Unallocated head office costs	(144,632)	(225,720)	(841,137)
One-Time costs	(144,152)	(17,891)	(296,000)
Total	**846,363**	**978,632**	**772,471**

In comparing Profit before tax totals for 1H 2017 and 1H 2016, note that as a policy matter American Leak Detection pays employees every two weeks resulting in two extra payroll periods each calendar year. During 2016 because of an anomaly in the calendar both extra payroll periods were recorded during 2H 2016. In order to form an accurate comparable with 1H 2017 which has one extra payroll in each half, we calculated the profit before tax for 1H 2016 as if it had an extra pay period with associated employment expenses. The "like-to-like" comparison for profit before tax should be made using $823,631 for 1H 2016. The number of payroll periods for half year calculations reconcile by the year-end audited totals.

In our 2016 Annual Results, we introduced in the Strategic Report the key performance indicator (KPI) of One-Time costs. The reasoning was that acquisitions (whether franchisees or third parties such as NRW) are an on-going part of our business plan to unlock shareholder value. Under IFRS, certain transactions-related costs, such as legal fees, are significant and not capitalizable but also non-recurring. To give a proper picture of underlying profitability, we present these numbers so that we can measure an operating KPI. For 1H 2017, One-Time costs amounted to $144,152. These costs were composed of two main categories: (i) professional fees in connection with the structuring of Water Intelligence International to include NRW ($60,612); (ii) professional fees in connection with the acquisitions of

Sydney (including severance post acquisition), Indianapolis and Washington D.C./Northern Virginia ($83,540).

Hence making a comparison regarding the underlying profitability of Water Intelligence, one should consider the above points regarding "like-to-like" periods and One-Time costs. If one adds back One-Time costs for 1H 2017, profits before tax adjusted amounts to $990,515. If one adds back One-Time costs and also adjusts for comparable payrolls for 1H 2016, profits before tax adjusted amounts to $841,522. Based on these adjustments, the underlying profit before tax grew by 18%.

Assets	**Six months ended 30 June 2017 $ Unaudited**	**Six months ended 30 June 2016 $ Unaudited**	**Year ended 31 December 2016 $ Audited**
Franchise royalty income	5,583,788	5,763,499	5,171,032
Franchise related activities	300,865	636,711	327,502
Corporate owned stores	3,566,508	978,759	2,659,573
International corporate activities and head office	1,191,404	303,813	1,336,716
Total	**10,642,565**	**7,682,782**	**9,494,823**

Geographic Information

Because of the worldwide addressable market for water loss solutions, the Group's objective is to become a multinational growth company. The Group currently operates in the United States, United Kingdom, Canada, Australia and Belgium through franchise-operated and corporate-operated locations. Geographic information illuminates the Group's execution path.

Total Revenue

	Six months ended 30 June 2017		**Unaudited**	**Year ended 31 December 2016**		**Audited**
	US $	**International $**	**Total $**	**US $**	**International $**	**Total $**
Franchise royalty income	3,063,353	110,301	3,173,654	5,312,542	230,665	5,543,207
Franchise related activities	1,562,806	-	1,562,806	1,731,849	-	1,731,849
Corporate owned Stores	2,780,289	270,590	3,060,679	4,216,584	42,642	4,259,226
International corporate activities	-	730,318	730,318	-	640,955	640,955

Total	**7,406,448**	**1,111,209**	**8,517,657**	**11,260,975**	**914,262**	**12,175,237**

4 Earnings per share

The earnings per share has been calculated using the profit for the period and the weighted average number of ordinary shares outstanding during the period, as follows:

	Six months ended 30 June 2017	**Six months ended 30 June 2016**	**Year ended 31 December 2016**
	Unaudited	**Unaudited**	**Audited**
Earnings attributable to shareholders of the Company ($)	524,745	606,752	478,373
Weighted average number of ordinary shares	11,401,851	10,617,677	10,690,410
Diluted weighted average number of ordinary shares	11,805,851	10,704,601	10,825,113
Earnings per share (cents)	4.6	5.7	4.5
Diluted earnings per share (cents)	4.4	5.7	4.4

5 Notes to the statement of cash flows

	Six months ended 30 June 2017	**Six months ended 30 June 2016**	**Year ended 31 December 2016**
	$	**$**	**$**
	Unaudited	**Unaudited**	**Audited**
Cash flows from operating activities			
Operating profit	898,652	1,028,400	932,293
Adjustments for:			
Depreciation of plant and equipment	65,600	26,268	81,098
Amortisation of intangible assets	159,199	136,246	294,930
Share based payments	30,473	25,643	37,459
Operating cash flows before movements in working capital	1,153,924	1,216,557	1,345,780
Decrease/(Increase) in inventories	26,634	(80,407)	(52,298)

Increase in trade and other receivables	(767,013)	(577,800)	(686,825)
Increase/(Decrease) in trade and other payables	(158,780)	(110,303)	(20,092)
Cash generated by operations	254,765	447,047	586,565
Income taxes	1,643	31,348	(53,466)
Net cash generated from operating activities	256,408	479,395	533,099

6 Share capital

The issued share capital in the year was as follows:

Group & Company	**Ordinary Shares of 1p each Number**
At 30 June 2017	**11,400,233**
At 30 June 2016	**10,617,720**
At 31 December 2016	**11,473,833**

Group & Company	**Share Capital**	**Share Premium**	**Shares held in treasury**
	$	**$**	**$**
At 30 June 2017	**63,340**	**926,787**	**917**
At 30 June 2016	**53,566**	**28,807**	**-**
At 31 December 2016	**64,257**	**926,787**	**-**

7 Reacquisition of franchisee territories in the period

On 9 August 2017, the Group completed the reacquisition of its Northern Virginia franchise and combined it with its Washington D.C. location which opened 8 May 2017 to create a new regional corporate center.

On 7 June 2017, the Group completed the reacquisition of its Indianapolis franchise.

Goodwill additions during the period relate to the reacquisition of the Indianapolis franchise (Northern Virginia will be included in year-end numbers). Where appropriate, consideration of separately identifiable intangible assets has been considered in the evaluation of the fair value of assets acquired and the determination of the fair value of goodwill arising. For the acquisition in six months ended 30 June 2017 relating to the reacquisition of a franchise, it is considered that the value being attributed to the purchase consideration relates to the synergies with surrounding franchises, obtaining wider geographical coverage directly within the Group, the focus to seize potential opportunity within their wider business strategy for revenue and earnings growth and the ability to expand new service offerings. Where appropriate, consideration of separate intangibles such as covenants not to compete are evaluated. There is no separately identified intangible considered to arise from the customer list of the franchise reacquired given the terms of the franchise agreement and that these customers continue to be customers of the Group's products and services before and after the reacquisition.

8 Subsequent events

On 30 August 2017, the Group drew $180,000 from its bank acquisition line of credit to meet its deferred consideration obligation with respect to NRW Utilities which was acquired in September 2016.

9 Publication of announcement and the Interim Results

A copy of this announcement will be available at the Company's registered office (201 Temple Chambers, 3-7 Temple Avenue, EC4Y 0DT) from the date of this announcement and on its website - www.waterintelligence.co.uk. This announcement is not being sent to shareholders.