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Water Intelligence PLC
26 September 2016

Water Intelligence plc (AIM: WATR.L)

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

Interim Results for the six months ended 30 June 2016

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 2016.

Highlights

1. Financial Results

- Total revenue increased 27% to $5.57 million (2015: $4.40 million)
- All major revenue streams grow strongly comprising
  - Royalty income growth of 6% to $2.89 million (2015: $2.72 million)
  - Corporate-owned stores growth of 60% to $1.79 million (2015: $1.12 million)
  - "Other" revenue (e.g. equipment,) growth of 57% to $0.88 million (2015: $0.56 million)
    - Insurance business-to-business sales component of "Other" $0.27 million (2015: $Nil)
- Profit before tax up 8% to $0.98 million (2015: $0.91 million)
  - Profit before tax contribution of Corporate-owned stores for 1H already exceeds full year contribution during 2015
  - Profit before tax reflects changing revenue mix of revenues from corporate stores versus franchisee royalties, as well as investment for growth made by the Group in 2H 2015

2. Franchise/Corporate Store Strategy

- On 22 February 2016, the Group completed the reacquisition of its South New Jersey franchisee, through its wholly-owned subsidiary, ALD.
- On 1 May 2016, the Group completed the reacquisition of its Cincinnati franchisee, through its wholly-owned subsidiary, ALD.
- On 9 September 2016, the Group agreed, subject to various conditions, to acquire a former franchisee in Sydney, Australia with completion scheduled for 31 October 2016 if the conditions are satisfied.
- On 20 September 2016, the Group completed the reacquisition of its Northwest Arkansas franchisee, through its wholly-owned subsidiary, ALD.

3. Corporate Development

- On 20 April 2016 the Group announced the completion of a capital reorganisation that puts the Company in a position to issue dividends, to enact share buybacks and to reduce administrative costs.
- On 1 September 2016 the Group announced the acquisition of NRW Utilities Ltd, a UK-based water services business (sewer, wastewater and leak detection) for a total consideration of £575,173.

Dr. Patrick DeSouza, Executive Chairman of Water Intelligence, commented: "We are pleased with the results for three reasons. First, we have accelerating organic growth. Second, we continue to build on our corporate store strategy with reacquisitions that are also strategically placed to support our growing franchise network. Third, we have acquired a growth company in the UK that is synergistic with our core American Leak Detection business. We now have a solid Anglo-American platform upon which to scale into a multinational growth company."

Water Intelligence plc
Patrick DeSouza (Executive Chairman) Tel: +1 203 654 5426

finnCap Ltd
Adrian Hargrave / Giles Rolls (Corporate Finance) Tel: 020 7220 0500
Stephen Norcross (Corporate Broking)

Chairman's Statement

In the Outlook section of the Chairman's Statement for the 2015 Accounts, I noted both our progress in executing the core growth plan and our goal of extending our execution to the UK, Canada and Australia during 2016. I concluded that our management team "looked forward to building a multinational growth company that unlocks shareholder value." After all, our mission of providing solutions for water loss seeks to address a challenging global infrastructure problem. With these Interim Results, I am pleased to reaffirm that we are on track for meeting our objectives.

Thus far, we have had a busy and fruitful 2016. Our Highlights, set forth above, are grouped into three areas: Financial Results; Franchise/Corporate Store Strategy; and Corporate Development. Financial Results represents our performance for the six month period from 1 January 2016 to 30 June 2016 (the "Period"). The data reinforces the continued upward direction of our 2015 Annual Report and communicates our ability to execute our growth plan. Franchise / Corporate Store Strategy points to our business model and how we are continuing to unlock shareholder value. Finally, Corporate Development underscores how we are delivering on the broader vision of a multinational growth company that is valuable for shareholders.

Our business plan is working. Royalty income grew by 6% to $2.89 million during the Period driven by continued development of an insurance sales channel. Such royalty income implies an estimated $70 million of annual system-wide sales generated by our franchisees. We are pleased that the entire franchise system continues to grow *while* we selectively convert franchise locations into corporate-operated locations. The net effect has unlocked shareholder value. In the 2015 Chairman's Statement, I noted that not only had royalty income grown but also corporate store sales grew to $2.61 million with profit before tax reaching $148,040. For the Period, royalty income has continued to grow at the same rate as that during 2015. However, corporate store sales have now accelerated. For the Period, corporate store sales reached $1.79 million and will surpass full year 2015 results before the end of Q3. Moreover, as noted in the Profit Before Tax Table herein, corporate store sales have contributed $180,422 of profit before tax for the Period thus already surpassing the results for all of 2015.

We should also underscore that our conversion strategy not only has a positive financial impact but also, in true partnership fashion, provides operational synergies to grow the whole franchise system via closer corporate support. Our first three reacquisitions executed in 2015 -New York, Miami and Detroit - enable us to assist our franchisees at a regional level in the Northeast, Southeast and Midwest respectively. During the first half of 2016, we reinforced such corporate presence both in the Northeast by adding the reacquisition of South New Jersey to the New York operation and in the Midwest by adding Cincinnati to the Detroit operation. A few days ago, we reinforced corporate presence in the South by adding the reacquisition of Northwest Arkansas to the Miami operation. Our goal for 2017 is to emphasize corporate presence in the western half of the United States and build on existing corporate-operated locations in Southern California. As noted above, we have also begun to extend our business strategy to the UK, Australia and Canada. Recently, we agreed to reacquire a former franchisee in Sydney. Pending the satisfaction of certain conditions, we will be delivering on our goal of extending our corporate-operated stores abroad during Q4.

Finally, we have taken a big step in Corporate Development towards fulfilling our vision of a multinational growth company that solves important water and infrastructure problems. On 1 September 2016, we acquired NRW Utilities Ltd., a UK-based water services company. NRW and its team deliver solutions to the municipal sector for problems involving sewer and wastewater, leak detection and asset management. Addressing “gray water” problems from failing sewers and crumbling infrastructure is an important opportunity for our company. Structurally, the NRW acquisition enables us to have strong and complementary wholly-owned subsidiaries on each side of the Atlantic providing a range of solutions for potable and non-potable water. Our American Leak Detection business already serves residential, commercial and municipal markets with an emphasis on the former two markets. NRW will be able to offer our American Leak Detection franchisees assistance in delivering an expanded set of services for the municipal market. Meanwhile, our American Leak Detection technicians now have a corporate infrastructure through NRW to bring advanced leak detection services to the UK.

2016 has certainly been an exciting year; and it is not over. Our annual Convention takes place in November in Carmel, California near Silicon Valley. Our theme is Technology. We will kick-off a compatible product plan that will focus during 2017 on the “Intelligence” part of Water Intelligence brand.

Interim Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 $	Six months ended 30 June 2015 $	Year ended 31 December 2015 $
		Unaudited	Unaudited	Audited
Revenue	3	5,565,846	4,397,601	8,842,349
Cost of sales		(750,842)	(384,001)	(799,441)
Gross profit		**4,815,004**	**4,013,600**	**8,042,908**
Administrative expenses				
- Other income		8,458	16,317	29,394
- Share-based payments		(25,643)	-	(35,232)
- Amortisation of intangibles		(136,246)	(130,846)	(270,492)
- Other administrative costs		(3,633,173)	(2,923,716)	(6,676,362)
Total administrative expenses		(3,786,604)	(3,038,245)	(6,952,692)
Operating profit		**1,028,400**	**975,355**	**1,090,216**
Finance income		7,580	7,134	17,326
Finance expense		(57,348)	(72,660)	(135,102)
Profit before tax		**978,632**	**909,829**	**972,440**
Taxation expense		(371,880)	(325,139)	(391,687)
Profit for the period		**606,752**	**584,690**	**580,753**
Other comprehensive income				
Exchange differences arising on translation of foreign operations		(107,617)	(72,854)	(37,029)
Total comprehensive profit for the period		**499,135**	**511,836**	**543,724**
Earnings per share		Cents	Cents	Cents
Basic	4	5.7	5.5	
Diluted	4	5.7	5.5	

Consolidated Statement of Financial Position as at 30 June 2016

	At 30 June 2016	At 30 June 2015	At 31 December 2015
	$	$	$
	Unaudited	Unaudited	Audited
ASSETS			
Non-current assets			
Goodwill	1,879,327	941,211	1,469,027
Other intangible assets	2,551,013	3,345,030	2,680,523
Property, plant and equipment	306,734	171,135	107,448
Trade and other receivables	8,918	56,708	37,576
	4,745,992	4,514,084	4,294,574
Current assets			
Inventories	355,611	286,647	275,204
Trade and other receivables	1,957,262	1,339,960	1,350,804
Cash and cash equivalents	623,917	1,157,530	1,031,454
	2,936,790	2,784,137	2,657,462
TOTAL ASSETS	7,682,782	7,298,221	6,952,036
EQUITY AND LIABILITIES			
Equity attributable to holders of the parent			
Share capital	53,566	12,733,307	12,733,307
Share premium	28,807	4,828,116	4,829,377
Capital redemption reserve	-	6,517,644	6,517,644
Merger reserve	1,001,150	8,501,150	8,501,150
Share based payment reserve	60,875	-	35,232
Other reserves	(255,712)	(183,920)	(148,095)
Reverse acquisition reserve	(27,758,088)	(27,758,088)	(27,758,088)
Retained profit/(loss)	31,230,685	(870,085)	(874,022)
	4,361,283	3,768,124	3,836,505
Non-current liabilities			
Borrowings	1,243,945	1,789,435	1,459,027
Deferred consideration	297,208	320,000	277,208
Deferred tax liability	467,677	350,593	64,449
	2,008,830	2,460,028	1,800,684
Current liabilities			
Trade and other payables	557,307	475,568	663,616
Borrowings	605,362	514,501	591,450
Deferred consideration	150,000	80,000	59,781
	1,312,669	1,070,069	1,314,847
TOTAL EQUITY AND LIABILITIES	7,682,782	7,298,221	6,952,036

Interim Consolidated Statement of Changes in Equity
For the six months ended 30 June 2016

	Share Capital	Share Premium	Capital Redemption Reserve	Reverse Acquisition Reserve	Merger Reserve	Share based payment reserve	Other Reserves	Retained Losses	Total Equity
	$	$	$	$	$	$	$	$	$
As at 1 January 2015	**12,762,074**	**4,800,610**	**6,517,644**	**(27,758,088)**	**8,501,150**	**-**	**(111,066)**	**(1,454,775)**	**3,257,549**
Shares to be issued	(29,510)	-	-	-	-	-	-	-	(29,510)
Issue of ordinary shares	743	27,506	-	-	-	-	-	-	28,249
Profit for the period	-	-	-	-	-	-	-	584,690	584,690
Other Comprehensive loss	-	-	-	-	-	-	(72,584)	-	(72,854)
As at 30 June 2015 (unaudited)	**12,733,307**	**4,828,116**	**6,517,644**	**(27,758,088)**	**8,501,150**	**-**	**(183,920)**	**(870,085)**	**3,768,124**
Issue of ordinary shares	-	1,261	-	-	-	-	-	-	1,261
Shares to be issued	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	-	35,232	-	-	35,232
Loss for the period	-	-	-	-	-	-	-	(3,937)	(3,937)
Other comprehensive loss	-	-	-	-	-	-	35,825	-	35,825
As at 31 December 2015 (audited)	**12,733,307**	**4,829,377**	**6,517,644**	**(27,758,088)**	**8,501,150**	**35,232**	**(148,095)**	**(874,022)**	**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
Profit for the period	-	-	-	-	-	-	-	606,752	606,752
Other comprehensive loss	-	-	-	-	-	-	(107,617)	-	(107,617)
As at June 2016 (unaudited)	**53,566**	**28,807**	**-**	**(27,758,088)**	**1,001,150**	**60,875**	**(255,712)**	**31,230,685**	**4,361,283**

Interim Consolidated Statement of Cash Flows
For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
		$	$	$
		Unaudited	Unaudited	Audited
Net cash generated from operating activities	5	479,395	439,898	199,484
Cash flows from investing activities				
Purchase of plant and equipment		(225,694)	(113,631)	(66,244)
Purchase of intangible assets			(472,660)	
Reacquisition of Franchises		(410,300)	(140,000)	(240,000)
Interest received		7,580	7,134	17,326
Net cash used in investing activities		(628,414)	(719,157)	(288,918)
Cash flows from financing activities				
Interest paid		(57,348)	(72,660)	(135,102)
Proceeds from borrowings			-	
Principal payments on long term debt		(201,170)	(246,565)	(500,024)
Net cash used in financing activities		(258,518)	(319,225)	(635,126)
Net (decrease)/increase in cash and cash equivalents		(407,537)	(598,484)	(724,560)
Cash and cash equivalents at the beginning of period		1,031,454	1,756,014	1,756,014
Cash and cash equivalents at end of period		623,917	1,157,530	1,031,454

Notes to the Interim Consolidated Financial Information

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 "one-stop shop" of water leak solutions (including products) for residential, commercial and municipal customers.

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, 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 2015. No new IFRS standards, amendments or interpretations became effective in the six months to 30 June 2016 which had a material effect on this interim consolidated financial information.

This interim consolidated financial information for the six months ended 30 June 2016 has been prepared in accordance with IAS 34, 'Interim financial reporting'. This interim consolidated financial information is not the Group's statutory financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2015, 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 2016 is unaudited. In the opinion of the Directors, the interim consolidated financial information presents fairly the financial position, and results from operations and cash flows for the period. Comparative numbers for the six months ended 30 June 2015 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 ($) for American Leak Detection Holding Corp. This interim consolidated financial information has been presented in US Dollars which represents the dominant economic environment in which the Group operates and is considered to be the functional currency of the Group. The effective exchange rate at 30 June 2016 was £1 = US$ 1.3436 (*30 June 2015: £1 = US$* 1.5717).

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 2015.

3 Revenues

In the opinion of the Directors, the operations of the Group currently comprise three operating segments, being the franchise royalties, corporate owned stores, other activities including product and equipment sales.

The Group mainly operates in the US, with operations in the UK and certain other countries. In the six months to 30 June 2016, 98.75% (2015: 99.60%) of its revenue came from the US based operations; the remaining 1.25% (2015: 0.40%) 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.

Segment information

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 three segments:

- Franchisor royalties less US head office costs;
- Corporate-operated stores revenues less direct stores costs; and
- Other activities including product and equipment sales; initiation of insurance business-to -business sales channel.

Items that do not fall into the three segments have been categorised as unallocated head office costs.

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

Revenue	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
		$	$
	Unaudited	Unaudited	Audited
Royalties from franchisees	2,892,945	2,715,151	5,221,330
Corporate-operated Stores	1,791,374	1,122,690	2,614,274
Other activities	881,527	559,760	1,006,745
Total	**5,565,846**	**4,397,601**	**8,842,349**

Profit before tax	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
	$	$	$
	Unaudited	Unaudited	Audited
Royalties from franchisees	1,006,571	983,379	1,186,132
Corporate-operated Stores	180,422	67,134	148,040
Other activities	42,636	51,323	126,442
Unallocated head office costs	(250,997)	(192,007)	(488,174)
Total	**978,632**	**909,829**	**972,440**

Assets	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
	$	$	$

	Unaudited	Unaudited	Audited
Royalties from franchisees	7,125,035	6,772,251	7,868,133
Corporate-operated Stores	978,759	1,272,057	791,928
Other activities	(421,013)	(746,087)	(1,708,025)
Total	**7,682,782**	**7,298,221**	**6,952,036**

Geographic information

Total revenue

Total revenue from activities by geographical area is detailed below:

Revenue by geography	Six months ended 30 June 2016 $ Unaudited	Six months ended 30 June 2015 $ Unaudited	Year ended 31 December 2015 $ Audited
US	5,368,299	4,269,450	8,533,134
International	197,547	128,151	309,215
Total	**5,565,846**	**4,397,601**	**8,842,349**

Revenue from franchisor activities by geographical area is detailed below.

Royalties from franchisees	Six months ended 30 June 2016 $ Unaudited	Six months ended 30 June 2015 $ Unaudited	Year ended 31 December 2015 $ Audited
US	2,791,203	2,604,151	4,993,714
International	101,742	111,000	227,617
Total	**2,892,945**	**2,715,151**	**5,221,331**

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 2016 Unaudited	Six months ended 30 June 2015 Unaudited	Year ended 31 December 2015 Audited
Earnings attributable to shareholders of the Company ($)	606,752	584,690	580,753
Weighted average number of ordinary shares	10,617,677	10,593,064	10,605,321
Diluted weighted average number of ordinary shares	10,704,601	10,593,064	10,648,128
Earnings per share (cents)	5.7	5.5	5.5
Diluted earnings per share (cents)	5.7	5.5	5.5

5 Notes to the statement of cash flows

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015

	$ Unaudited	$ Unaudited	$ Audited
Cash flows from operating activities			
Operating profit	1,028,400	975,354	1,090,216
Adjustments for:			
Depreciation of plant and equipment	26,268	444	21,744
Amortisation of intangible assets	136,246	130,846	270,492
Share based payments	25,643	-	35,232
Operating cash flows before movements in working capital	1,216,557	1,106,644	1,417,684
(Increase)/Decrease in inventories	(80,407)	(81,170)	(69,727)
(Increase)/Decrease in trade and other receivables	(577,800)	(537,321)	(518,033)
Increase/(Decrease) in trade and other payables	(110,303)	276,884	(107,883)
Cash generated by operations	447,047	765,037	722,041
Income taxes	31,348	(325,139)	(522,557)
Net cash generated from operating activities	479,395	439,898	199,484

6 Share capital

The issued share capital in the year was a follows:

Group & Company	**Ordinary Shares of 1p each Number**	**Deferred Shares of 1p each Number**
At 30 June 2016	**10,617,720**	**-**
At 30 June 2015	**10,617,650**	**808,450,760**
At 31 December 2015	**10,617,650**	**808,450,760**

Group & Company	**Share Capital $**	**Share Premium $**	**Capital Redemption $**
At 30 June 2016	**53,556**	28,807	**-**
At 30 June 2015	**12,733,307**	4,828,116	**6,517,644**
At 31 December 2015	**12,733,307**	4,829,377	**6,517,644**

Following a general meeting held on 29 March 2016 where shareholders voted to approve the matter, a share capital reorganisation was undertaken on 30 March 2016 pursuant to which every 230 ordinary shares of 1p each were consolidated into 1 ordinary share of £2.30 nominal value and then subdivided back into ordinary shares of 1p each. Undertaking this exercise enabled the Company to significantly decrease the number of persons on its shareholder register and reduce the associated costs and administrative burden of maintaining a large shareholder base with no material interest in the Company. The total number of shares in issue following completion of the share capital reorganisation was 10,617,720 ordinary shares of 1p each.

On 20 April 2016, following approval by shareholders at the general meeting held on 29 March 2016 and the High Court of Justice of England and Wales, the Company undertook a capital reduction exercise pursuant to which:

- the share premium account of the Company was cancelled;
- the capital redemption account of the Company was cancelled;
- the issued share capital of the Company was reduced by cancelling all the issued deferred shares; and
- the amount of US$7,500,000 standing to the credit of the merger reserve was capitalised and applied in paying up bonus shares which were then cancelled.

Accordingly, for the purposes of the Company's balance sheet, on 20 April 2016, the share premium account and capital redemption account were reduced to zero, the merger reserve was reduced by US$7,500,000 and the share capital of the Company was reduced by £8,084,507.60 (US$12,679,741).

7 Subsequent events

On 1 September 2016 the group announced the acquisition of NRW Utilities Limited ('NRW'), a UK based water services business for a total consideration of £575,173. The consideration is comprised of an initial payment of £275,173, which includes the repayment of a vendor loan amounting to £75,173. The initial payment is made at signing and draws on the Group's existing cash reserves. Additional payments amounting to £300,000 are to be made in 2017 and 2018.

Franchisee reacquisitions

On 9 September 2016, the Group agreed, subject to various conditions, to acquire a former franchisee in Sydney, Australia with completion scheduled for 31 October 2016 if the conditions are satisfied.

On 20 September 2016, the Group completed the reacquisition of its Northwest Arkansas franchisee, through its wholly-owned subsidiary, ALD.

8 Significant event

On 15 June 2016, each member of the board received an option to purchase 50,000 New Ordinary Shares. The Director options have an exercise price of $1.26 per share which is 5% higher than the highest share price for 2015. These Options have a three-year vesting requirement. On 12 June 2016, the Executive Chairman, a director of the Company, was also granted 50,000 Share Options with an exercise price of $0.92 related to the Executive Chairman's personal guarantee of the loan with Liberty Bank in 2015.

On 22 August 2016, Dr. Stephen Leeb resigned from the board. He will continue to advise the Company.

9 Reacquisition of franchisee territories in the period

On 22 February 2016, the Group completed its reacquisition of its South New Jersey franchisee, through its wholly owned subsidiary, ALD.

On 1 May 2016, the Group completed its reacquisition of its Cincinnati franchisee, through its wholly owned subsidiary, ALD.

Goodwill additions during the period relate to the reacquisition of these franchisees. Where appropriate consideration of separately identifiable intangible assets have been considered in the evaluation of the fair value of assets acquired and the determination of the fair value of goodwill arising. For the acquisitions in six months ended 30 June 2016 relating to the reacquisition of franchises, 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 on that these customers continue to be customers of the Group's products and services before and after the reacquisition.

10 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.