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Water Intelligence PLC
12 September 2018

Water Intelligence plc (AIM: WATR.L)

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

Interim Results for the six months ended 30 June 2018

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 2018.

Highlights

1. **Financial Results**

- 1H total revenue increased 39% to $11.80 million (1H 2017: $8.52 million)
- All major revenue streams grow strongly comprising
  - Franchise royalty income growth of 4% to $3.31 million (1H 2017: $3.17 million)
  - Franchise related activities growth of 63% to $2.54 million (1H 2017: $1.56 million)
  - US corporate operated locations growth of 47% to $4.48 million (1H 2017: $3.06 million)
  - Recently initiated International corporate operated locations growth of 101% to $1.47 million (1H 2017: $0.73 million), resulting in maiden profit for this division
- Profit before tax comfortably in-line with expectations
  - Statutory profit before tax up 49% to $1.26 million (1H 2017: $0.85 million)
  - Adjusted profit before tax up 32% to $1.54 million (1H 2017: $1.17 million)*
  - Investment in technology solutions to fuel growth and enhance brand. Partnerships created with Flo Technologies (U.S.), Tagasauris (U.S.), Reece Innovations (UK).
- EPS Grows Strongly
  - Statutory EPS up 52% to 7.3 cents (1H 2017: 4.8 cents)
- Balance sheet strong
  - Cash on-hand significantly higher at $6.15 million (1H 2017: $1.03 million), following an oversubscribed equity round in March 2018; $6.5 million with additional cash availability from lines of credit
  - Net cash generated from operations grew 78% to $455,000 (1H 2017: $256,000)
  - Cash minus obligations - bank debt and deferred consideration from acquisitions - improved significantly at $1.44 million enabling acceleration of growth plan (1H 2017: ($2.11) million)

2. **1H Corporate Development**

- On 7 March 2018, the Group announced the reacquisition of its Louisville, Kentucky franchise.
- On 15 March 2018, the Group announced the reacquisition of its Bakersfield, California franchise.
- On 15 May 2018, the Group announced the reacquisition of its South Florida franchise.

* Profit before tax adjusted for portion of non-cash share-based compensation related to acquisitions, amortisation of intangibles and non-core costs.

Dr. Patrick DeSouza, Executive Chairman of Water Intelligence, commented: “We are pleased, once again, to consistently deliver: strong organic growth in all revenue channels; strong balance sheet given an oversubscribed funding; and continued multinational development of operations. We have translated such delivery into EPS growth. As outlined in the Chairman’s Statement, it is interesting to see our journey as a company after comparing our results from 1H 2015, a short three years ago. On track, we have an exciting pathway ahead to fulfilling our vision of a multinational growth company in a critical global market.”

Water Intelligence plc
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Chairman's Statement

As we outlined in July's trading update, we had a strong first half of 2018. Our plan to create a multinational growth company continues to be well-executed as evidenced by our financial results. More broadly, we have installed complementary and growing revenue sources across U.S., UK, Australian and Canadian geographies: franchise royalty; corporate-operated sales; business-to-business sales such as insurance and property management; municipal sales; and product sales that follow from our service offerings. These multiple feeders for the Water Intelligence plc platform enable more efficient up-selling of offerings to ongoing customers and cross-selling of offerings between our American Leak Detection subsidiary and our UK-based Water Intelligence International subsidiary. Our platform leads to lower customer acquisition costs in winning business for solving all types of water leaks – residential, commercial, municipal. Moreover, our installed base of customers enables us to make markets for new water-related products for smart homes and smart communities. As a result, our technology-driven brand creates an exciting opportunity to help transform the global market for water solutions which is still a sleepy sector. We aim to make a difference in the world for preserving our most precious resource and, in doing so, create significant shareholder value.

Three points reinforce the above plan overview and provide an analytic bridge from our Chairman's Statement in last May's Annual Report to our next May's Statement. First, our consistent results over the years support our level of ambition. Three years ago, on 14 September 2015, we released the following 1H results: Revenue growth of 25% to $4.4 million; royalty income component growth of 6% to $2.72 million; corporate owned stores component growth of 60% to $1.12 million; "Other" component growth of 110% to $0.56 million; profit before tax growth of 49% to $0.91 million; and successful reacquisition of three franchise territories in New York, Miami and Detroit. At that time, cash on hand was $1.2 million.

Today's headlines have the same consistent punch only with bigger results in absolute terms: Revenue growth of 39% to $11.80 million or close to triple the 1H 2014 amount; royalty growth of 4% to $3.31 million; corporate-operated growth of 47% to $4.48 million; "Other" growth (now called franchise-related activities) of 63% to $2.54 million; profit before tax growth ironically similar at 49% but to $1.26 million; and successful reacquisition of three franchise territories in Louisville, Bakersfield and South Florida. In between, we added another line of business designated "International Corporate" which represents UK-based Water Intelligence International, a municipal-oriented services business that we acquired two years ago. That business line has begun well with 101% revenue growth during 1H to $1.47 million with $75,000 in profits; approximately a $100,000 swing from 1H 2017 which showed a loss of $20,000. Cash on hand now is $6.1 million or approximately 5 times more than 1H 2017.

Given our consistency, we are confident that we should proceed full steam ahead towards our stated goal of passing $20 million in sales during 2018 and stretching towards $25 million in the near-term for a trailing twelve-month period.

Second, against the backdrop of our oversubscribed corporate financing round in March, we have the wherewithal to execute more of the same, only faster, for 2019 and beyond. To be sure, we are mindful that as we invest more resources for top-line growth and scale that we still have bottom-line profit targets to meet. We have good management to navigate the pathway. We are pleased that US Corporate-operated locations have significantly improved profit margins moving from approximately 2% in 1H 2017 to 11% in 1H 2018. The launch of our International Corporate business line in 2017, which has now turned to profits, combined with the growing success of Corporate-operated locations after franchise buyback and investment has reinforced our Board's belief that whilst we could potentially grow short term profits faster, prudent investment in expanded scale, new product lines and routes to market will deliver sustainable increases in shareholder value. The addressable market for solutions to water loss is huge. Despite these investments, we remain focused on continuing to deliver strong revenue and profit growth on a year-by-year basis. Again this is evidenced as earnings per share grew 52% 1H 2018 when compared with 1H 2017. Hence, our priority of investing for sustainable growth remains.

In observing our increased wherewithal to sustain growth, we are pleased to underscore that sustainability of growth rests on a bedrock of franchise royalties that are consistently growing because of our expanding national sales channels such as insurance and property management. System-wide franchise sales should pass $90 million in the near term. Royalty income derived from such System sales grew in absolute terms at 4% during 1H to $3.3 million despite our franchise reacquisitions that have reduced the potential pool of royalty income. Such reacquisitions actually reinforce System-wide growth and serve to complement national sales channels in both strategic and financial ways. As a strategic matter, corporate reacquisitions reinforce growth in our franchise system by offering additional regional corporate offices to support to our franchisees. Our priority will always be to grow the reach of our franchise system because minimally-invasive, pin-point leak detection is the starting point for bringing value to our customers with follow-on solutions. As a financial matter, our corporate-operated locations are always learning from our franchise owners. Hence, corporate-operated locations are growing at 47% and showing increasing profit margins after initial investment. Such additional corporate scale reinforces our appeal to business-to-business partners.

Not to be missed in considering the sustainability of our growth plan, royalty income also provides a cushion against the operations risk of expanding corporate locations. Further, such consistent cash generation as a component of sustainable growth carries with it a higher valuation multiple. Finally, the consistent cash flow from royalty income is favoured by banks and other debt providers. That reality enables us to reap a lower weighted average cost of capital and minimize shareholder dilution when accessing growth capital. We did just that during our 1H funding round and will continue to do that in prudent fashion to sustain our growth trajectory.

Third, as we proceed full steam ahead, we are reinforcing the technology profile of our brand and scaling our business model. We have always really been a technology company having pioneered the use of acoustic and infrared technologies through our American Leak Detection brand to provide minimally invasive and pinpoint leak detection. As we have expanded as an AIM company, we have both developed and acquired technology products to broaden our service offerings.

During 1H, we placed a renewed emphasis on technology solutions creating partnerships with Flo and Tagasauris in the US for smart home solutions and Reece Group in the UK for municipal solutions. We plan to continue this effort throughout the near term leveraging our multinational business platform. To be sure, we recognize that there is technology risk. However, the consistent growth of our services business and multiple revenue sources, as discussed above, enable us to absorb such risk in exchange for the promise of upside. And it is a promise that is supported by market demand. Our installed customer base of over 200,000 households and business-to-business customers, especially insurance companies, want us to source technology solutions.

We seek not just to stay apace of marketplace change but rather to lead the "Water Revolution". Our business model with multiple revenue channels across geographies provides us the capability to be an innovation distribution platform. In this respect, the Tagasauris technology partnership is particularly important because it enables us to distribute technology solutions via direct to consumer video worldwide. As we enhance the technology and distribution profile of our brand, our shareholders should also reap the reward of competitive strategy positioning as the Group is viewed as a more scalable technology-backed distribution platform for solutions, as opposed to simply a support services business. Our consistent growth results over several years, with 1H being the latest indicator, have provided us a launch point to create a great company.

Patrick DeSouza
Executive Chairman

September 12, 2018

Interim Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 $	Six months ended 30 June 2017 $	Year ended 31 December 2017 $
		Unaudited	**Unaudited**	**Audited**
Revenue	3	11,804,104	8,517,657	17,615,178
Cost of sales		(2,345,976)	(1,441,639)	(3,334,101)
Gross profit		**9,458,128**	**7,076,018**	**14,281,077**
Administrative expenses				
- Other income		560	28,213	33,671
- Share-based payments		(48,195)	(30,473)	(62,397)
- Amortisation of intangibles		(162,380)	(159,199)	(317,259)
- Other administrative costs		(7,894,390)	(6,015,907)	(12,668,525)
Total administrative expenses		(8,104,405)	(6,177,366)	(13,014,510)
Operating profit		**1,353,723**	**898,652**	**1,266,567**
Finance income		11,906	5,667	13,928
Finance expense		(103,532)	(57,956)	(135,461)
Profit before tax	3	**1,262,097**	**846,363**	**1,145,034**
Taxation expense		(315,524)	(321,618)	(286,330)
Profit for the period		**946,573**	**524,745**	**858,704**
Attributable to:				
Equity holders of the parent		950,242	546,150	913,250
Non-controlling interests		(3,669)	(21,405)	(54,546)
		946,573	**524,745**	**858,704**
Other comprehensive income				
Exchange differences arising on translation of foreign operations		(359,023)	16,511	(39,038)
Total comprehensive income for the period		**587,550**	**541,256**	**819,666**
Earnings per share		**Cents**	**Cents**	**Cents**
Basic	4	7.3	4.8	8.0
Diluted	4	7.1	4.6	7.5

Consolidated Statement of Financial Position as at 30 June 2018

	Notes	At 30 June 2018 $ Unaudited	At 30 June 2017 $ Unaudited	At 31 December 2017 $ Audited
ASSETS				
Non-current assets				
Goodwill		5,342,609	3,331,155	3,304,506
Other intangible assets		2,333,312	2,445,661	2,398,192
Property, plant and equipment		1,438,034	544,184	762,459
Trade and other receivables		138,140	41,987	59,075
		9,252,095	6,362,987	6,524,232
Current assets				
Inventories		477,496	300,866	359,973
Trade and other receivables		3,729,167	2,950,375	2,820,315
Cash and cash equivalents		6,152,778	1,028,336	774,767
		10,359,441	4,279,577	3,955,055
TOTAL ASSETS	3	19,611,536	10,642,564	10,479,287
EQUITY AND LIABILITIES				
Equity attributable to holders of the parent				
Share capital	5	101,915	63,340	65,305
Share premium	5	6,893,752	926,787	980,436
Shares held in treasury	5	-	917	(210,150)
Merger reserve		1,001,150	1,001,150	1,001,150
Share based payment reserve		183,283	103,164	135,088
Other reserves		(662,704)	(248,132)	(303,681)
Reverse acquisition reserve	5	(27,758,088)	(27,758,088)	(27,758,088)
Retained profit		32,972,134	31,574,564	32,021,892
		12,731,442	5,663,702	5,931,952
Equity attributable to Non-Controlling interest				
Non-controlling interest		105,805	72,299	39,158
Non-current liabilities				
Borrowings		2,297,928	1,473,005	1,635,311
Deferred consideration	6	916,798	628,666	374,600
Deferred tax liability		430,757	628,342	115,233
		3,645,483	2,730,013	2,125,144
Current liabilities				
Trade and other payables		1,632,342	1,130,341	1,428,509
Borrowings		404,185	492,453	394,525
Deferred consideration	6	1,092,279	553,756	559,999
		3,128,806	2,176,550	2,383,033
TOTAL EQUITY AND LIABILITIES		19,611,536	10,642,564	10,479,287

Interim Consolidated Statement of Changes in Equity
For the six months ended 30 June 2018

	Share Capital	Share Premium	Shares held in treasury	Reverse Acquisit-ion Reserve	Merger Reserve	Share based payment reserve	Other Reserves	Retained Profit	Total	Non-controlli-ng interest	Tota Equit
	$	$	$	$	$	$	$	$	$	$	
As at 1 January 2017	**64,257**	**926,787**	**-**	**(27,758,088)**	**1,001,150**	**72,691**	**(264,643)**	**31,108,642**	**5,150,796**	**93,704**	**5,24 50**
Share buyback	(917)	-	917	-	-	-	-	(80,228)	(80,228)	-	(80,2
Share based payment expense	-	-	-	-	-	30,473	-	-	30,473	-	30,47
Profit for the period	-	-	-	-	-	-	-	546,150	546,150	(21,405)	524,7
Other comprehensive income	-	-	-	-	-	-	16,511	-	16,511	-	16,51
As at 30 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**	**5,73 00**
Issue of ordinary shares	1,965	53,649	-	-	-	-	-	-	55,614	-	55,61
Share buyback	-	-	(211,067)	-	-	-	-	-	(211,067)	-	(211, 67
Share-based payment expense	-	-	-	-	-	31,924	-	-	31,924	-	31,92
Equity contributions	-	-	-	-	-	-	-	-	-	-	
Profit for the period	-	-	-	-	-	-	-	447,328	447,328	(33,141)	414,1
Other comprehensive loss	-	-	-	-	-	-	(55,549)	-	(55,549)	-	(55,5
As at 31 December 2017 (audited)	**65,305**	**980,436**	**(210,150)**	**(27,758,088)**	**1,001,150**	**135,088**	**(303,681)**	**32,021,892**	**5,931,952**	**39,158**	**5,97 11**
Issue of ordinary shares	36,610	5,913,316	210,150	-	-	-	-	-	6,160,076	-	6,16 07
Share based payment expense	-	-	-	-	-	48,195	-	-	48,195	-	48,19
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	(29,684)	(29,6
Equity contributions	-	-	-	-	-	-	-	-	-	100,000	100,0
Profit for the period	-	-	-	-	-	-	-	950,242	950,242	(3,669)	946,5
Other comprehensive income	-	-	-	-	-	-	(359,023)	-	(359,023)	-	(359, 23
As at June 2018 (unaudited)	**101,915**	**6,893,752**	**-**	**(27,758,088)**	**1,001,150**	**183,283**	**(662,704)**	**32,972,134**	**12,731,442**	**105,805**	**12,83 ,24**

Interim Consolidated Statement of Cash Flows
For the six months ended 30 June 2018

	Six months ended 30 June 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	$	$	$
	Unaudited	Unaudited	Audited
Cash flows from operating activities			
Profit before tax	1,262,097	846,363	1,145,034
Adjustments for non-cash/non-operating items:			
Depreciation of plant and equipment	146,448	65,600	168,817
Amortisation of intangible assets	162,380	159,199	317,259
Share based payments	48,195	30,473	62,397
Interest paid	103,532	57,956	135,461
Interest received	(11,906)	(5,666)	(13,928)
Operating cash flows before movements in working capital	1,710,746	1,153,925	1,815,040
(Increase)/Decrease in inventories	(117,523)	26,634	(32,471)
Increase in trade and other receivables	(987,917)	(767,013)	(654,040)
Decrease in trade and other payables	(150,349)	(158,780)	(30,301)
Cash generated by operations	454,957	254,766	1,098,228
Income taxes	-	1,643	(476,178)
Net cash generated from operating activities	454,957	256,409	622,050
Cash flows from investing activities			
Purchase of plant and equipment	(822,023)	(172,856)	(444,976)
Purchase of intangibles	(128,650)	-	(197,000)
Reacquisition of Franchises	(867,000)	(125,000)	(195,000)
Interest received	11,906	5,666	13,928
Net cash used in investing activities	(1,805,767)	(292,190)	(823,048)
Cash flows from financing activities			
Issue of ordinary share capital	36,610	-	1,048
Premium on issue of ordinary share capital	5,913,316	-	53,649
Share buy-back	210,150	(80,228)	(210,150)
Interest paid	(103,532)	(57,957)	(135,461)
Proceeds from borrowings	926,472	329,750	332,434
Repayment of borrowings	(254,196)	(184,337)	(122,644)
Net cash generated by/(used in) financing activities	6,728,821	7,228	(81,124)
Net (decrease)/increase in cash and cash equivalents	5,378,011	(28,553)	(282,122)
Cash and cash equivalents at the beginning of period	774,767	1,056,889	1,056,889
Cash and cash equivalents at end of period	6,152,778	1,028,336	774,767

Notes to the Interim Consolidated Financial Information
for the six months ended 30 June 2018

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 2017. No new IFRS standards, amendments or interpretations became effective in the six months to 30 June 2018 which had a material effect on this interim consolidated financial information.

This interim consolidated financial information for the six months ended 30 June 2018 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 2017, 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 2018 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 2017 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 ($) for American Leak Detection Holding Corp. This interim consolidated financial information has been presented in US Dollars which represents the dominant economic environment in which the Group operates and is considered to be the functional currency of the Group. The effective exchange rate at 30 June 2018 was £1 = US$ 1.31515 (*30 June 2017: £1 = US$* 1.30273).

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 2017.

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 locations (US and international) and (iv) international corporate (business-to-business) led by UK-based Water Intelligence International.

The Group mainly operates in the US, with operations in the UK and certain other countries. In the six months to 30 June 2018, 87.54% (1H 2017: 91.4%) of its revenue came from the US based operations; the remaining 12.46% (1H 2017: 8.6%) of its revenue came from its international corporate operated locations.

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 income generating segments:

- Franchisor royalty income;
- Franchise-related activities (including product and equipment sales and Business-to-Business sales);
- US corporate operated locations; and
- International corporate operated locations.

Items that do not fall into the four segments have been categorised as unallocated head office costs and non-core costs which reflect non-core costs largely 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 2018 $ Unaudited**	**Six months ended 30 June 2017 $ Unaudited**	**Year ended 31 December 2017 $ Audited**
Franchise royalty income	3,312,163	3,173,654	5,924,353
Franchise related activities	2,541,485	1,562,806	3,649,200
US corporate operated locations	4,479,349	3,050,879	5,947,805
International corporate operated locations	1,471,107	730,318	2,093,820
Total	**11,804,104**	**8,517,657**	**17,615,178**

Profit before tax	Six months ended 30 June 2018 $ Unaudited	Six months ended 30 June 2017 $ Unaudited	Year ended 31 December 2017 $ Audited
Franchise royalty income	732,506	968,316	1,427,858
Franchise related activities	195,509	121,168	315,099
US corporate operated locations	513,182	65,236	349,609
International corporate operated locations	74,903	(19,573)	(157,141)
Unallocated head office costs	(142,854)	(129,853)	(592,778)
Non-core costs	(111,149)	(158,931)	(197,613)
Total	**1,262,097**	**846,363**	**1,145,034**

Assets	Six months ended 30 June 2018 $ Unaudited	Six months ended 30 June 2017 $ Unaudited	Year ended 31 December 2017 $ Audited
Franchise royalty income	9,309,020	5,583,788	4,748,391
Franchise related activities	993,248	300,865	359,972
US corporate operated locations	5,881,437	3,566,508	3,739,931
International corporate operated locations	3,427,831	1,191,403	1,630,993
Total	**19,611,536**	**10,642,564**	**10,479,287**

Geographic Information

The Group has two wholly-owned subsidiaries – American Leak Detection (ALD) and Water Intelligence International (WII). Operating activities are captured as both franchise-related operations and corporate-related operations. ALD has both U.S. franchises and corporate-operated locations. It also has international franchises, principally located in Australia and Canada. Operations focus on residential and commercial water leak detection and remediation with some municipal activities. By comparison, WII has only corporate operations located outside the United States. These WII international operations are principally municipal activities. As noted herein, the Group's vision is to become a multinational growth company. As set forth below, the Group has shown growth in both US and International dimensions.

Total Revenue

	Six months ended 30 June 2018 Unaudited			Year ended 31 December 2017 Audited		
	US	**International**	**Total**	**US**	**International**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Franchise royalty income	3,237,343	74,820	3,312,163	5,687,764	236,590	5,924,354
Franchise related activities	2,541,485	-	2,541,485	3,649,200	-	3,649,200
US corporate operated locations	4,479,349	-	4,479,349	5,947,805	-	5,947,805
International corporate operated locations	-	1,471,107	1,471,107	-	2,093,819	2,093,819
Total	**10,258,177**	**1,545,927**	**11,804,104**	**15,284,769**	**2,330,409**	**17,615,178**

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 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	Unaudited	Unaudited	Audited
Earnings attributable to shareholders of the Company ($)	950,242	546,150	913,250
Weighted average number of ordinary shares	13,038,975	11,401,851	11,403,236
Diluted weighted average number of ordinary shares	13,432,889	11,805,851	12,123,812
Earnings per share (cents)	7.3	4.8	8.0
Diluted earnings per share (cents)	7.1	4.6	7.5

5 Share capital

On 7 March 2018, the Group announced that it had strengthened its capital base in order to support its growth plans. It raised approximately $5.75 million through the sale of 2,171,320 new ordinary shares (151,184 shares of which were issued from Treasury) and 310,000 new ordinary shares from the exercise of Director Options) in a placing and subscription. Such equity issuance was oversubscribed.

The issued share capital at the end of the period was as follows:

Group & Company	**Ordinary Shares of 1p each Number**
At 30 June 2018	**15,233,969**
At 30 June 2017	**12,073,833**
At 31 December 2017	**12,153,833**

The total number of Ordinary Shares of 1p each in the table above includes 1,350,000 of Partly Paid Shares of 1 penny each which are not admitted to trading on AIM. The total number of Partly Paid Shares at 30 June 2017 and 31 December 2017 was 600,000.

Group & Company	**Share Capital $**	**Share Premium $**
At 30 June 2018	**101,915**	**6,893,752**
At 30 June 2017	**63,340**	**926,787**
At 31 December 2017	**65,305**	**980,436**

Reverse acquisition reserve

The reverse acquisition reserve was created in accordance with IFRS3 Business Combinations and relates to the reverse acquisition of Qonnectis Plc by ALDHC in July 2010. Although these Consolidated Financial Statements have been issued in the name of the legal parent, the Company it represents in substance is a continuation of the financial information of the legal subsidiary ALDHC. A reverse acquisition reserve was created in 2010 to enable the presentation of a consolidated statement of financial position which combines the equity structure of the legal parent with the reserves of the legal subsidiary. Qonnectis Plc was renamed Water Intelligence Plc on completion of the reverse acquisition on 29 July 2010.

6 Reacquisition of franchisee territories in the period

On 7 March 2018, the Group announced the reacquisition of its Louisville, Kentucky franchise. Louisville, a strongly performing operation, is situated adjacent to the Indianapolis and Cincinnati corporate locations in the central Midwest of the United States. Together these locations form a strategic set of corporate resources to execute sales and support growth of franchisees throughout the Midwest. This cluster of corporate operated locations also better enables the Company to execute the launch of operations in Chicago during 2018-19.

On 15 March 2018, the Group announced the reacquisition of its Bakersfield, California franchise. The Group plans to expand operations in this territory given the size of the opportunity and importance of water to this leading center for agriculture in the US.

On 15 May 2018, the Group announced the reacquisition of its South Florida franchise. The Group plans to expand operations in this territory given the strength of its existing corporate operations immediately to the north in Ft. Lauderdale / Miami. The Group plans to launch international expansion efforts to the Caribbean and Mexico from its expanded Miami operation.

7 Subsequent events

No subsequent events.

8 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.