

Bilby Plc
(“Bilby” or the “Group”)
Unaudited Interim Results

Bilby Plc (AIM: BILB.L), the holding company for gas, electrical and building services companies, has today issued its unaudited interim results in respect of the six months to 30 September 2015.

Financial highlights

- Revenues increased 103% to £11.62m (H1 2014: £5.72m)
- Operating profit before share based payments, amortisation of acquisition intangibles and acquisition costs increased 23% to £0.86m (H1 2014: £0.70m)
- Adjusted profit before tax increased (before share based payments of £0.05m, amortisation of acquisition intangibles of £0.18m and acquisition costs of £0.53m) increased by 20.3% to £0.83m (H1 2014: £0.69m)
- Reported profit before tax of £0.07m (H1 2014: £0.69m)
- Adjusted EPS of 2.17p
- Net debt of £4.29m including cash of £1.09m as at 30 September 2015 (at 31 March 2015: cash of £1.77m)
- Maiden interim dividend of 0.75p per ordinary share

Notes:

Six months comparative figures to 30 September 2014 are based on management estimates for the trading performance of P & R Installation Limited trading as a private company.

Adjusted earnings per share excludes the effect of the share based payment charge and amortisation of acquired intangibles and acquisition costs. The board are of the opinion that this provides a more appropriate view of the Group's underlying performance.

Operational highlights

- In July 2015, Bilby acquired Purdy Contracts (“Purdy”), an award winning gas and electrical contractor based in Essex. The acquisition complements P&R Installation's (“P&R”) services and geographic presence
- New contract wins for P&R including Royal Borough of Greenwich, Hexagon Housing Association and Hyde Housing Association.
- New contract wins for Purdy including Peabody Housing and the London Borough of Hackney
- The Group extended contracts with four existing long term clients

Post period highlights

- P&R were awarded first place on a gas support framework tender process for the South East Consortium (SEC). SEC are a consortium of housing associations responsible for over 140,000 properties in South East England. The framework has the potential to be the largest scope of prospective work in P&R's history

- Purdy were named the second supplier of choice for a similar SEC framework for electrical works
- Appointment of new Finance Director and the establishment of a Managing and Business Development Director position
- Current Bilby visible revenues for the next seven years in excess of £180m.

Phil Copolo, P&R Founder and Executive Deputy Chairman of Bilby plc, said:

“I am pleased to announce that Bilby has made considerable progress over the period. The Group has won new contracts and extended the scope and size of existing contracts, whilst successfully executing our buy and build strategy with the acquisition of Purdy. I am delighted that Purdy is already contributing significantly to the success of Bilby. We are benefitting from shared synergies across Purdy and P&R as we continue to win contracts based on our exceptional reputation for high quality service. This reputation has helped lead to P&R being awarded first place as preferred service provider for a SEC gas framework. The framework covers a portfolio of over 140,000 properties in South East England, and represents a transformational opportunity for the Group. P&R competed with 52 other companies for the framework. Furthermore, Purdy were awarded second place for a similar SEC framework for electrical work.

In addition to organic growth being achieved and targeted, we continue to see significant opportunity for further acquisitive growth in London and South East England and continue actively to review a number of opportunities. Accordingly we look to the future with confidence.”

Enquiries

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Note for Editors

Bilby Plc, the holding company for P&R Installation Company Limited ("P&R") and Purdy Contracts Limited (Purdy), was established to provide a platform for strategic acquisitions in the gas heating, electrical and building services industries. Bilby's first acquisition was P&R, an established and award winning provider of gas heating appliance installation and maintenance services.

Bilby plc (AIM: BILB.L), is traded on the AIM Market of the London Stock Exchange. For further information, visit www.bilbyplc.com.

P&R Installations

P&R provides services predominately to local authorities and housing associations across London and South East England and is responsible for over 100,000 properties. The experienced management team places emphasis on the provision of a high level of service through which P&R has developed long standing relationships with its customers who include the Guinness Partnership, London & Quadrant, Hexagon and the Royal Borough of Greenwich. Headquartered in Sidcup, Kent, P&R currently employs approximately 155 staff.

Purdy Contracts

Purdy operates predominantly as a gas and electrical contractor and is based near Waltham Abbey, Essex. Purdy was established in 1984 as a gas and electrical maintenance and installation contractor. Today Purdy carries out all types of gas and electrical work to both commercial and domestic markets and is predominantly focused on social housing and local authority customers. The business works closely with a number of long-term clients including Homes for Haringey, the London Borough of Enfield, Aston Group, Central Bedfordshire Council and Hyde Housing. Purdy provides maintenance services to in excess of 130,000 properties and currently employs approximately 182 full time staff.

Chairman's Statement

We have delivered a strong performance over the first six months of this financial year.

Bilby's stated strategy is to capitalise on the significant market opportunity for gas, electrical and building services primarily for housing associations and local authorities in London and South East England. Our considerable progress against this strategy has been achieved through: increasing our market share as we expand our service offering and customer base organically and through our buy and build strategy.

In July 2015, we acquired Purdy Holdings Limited, representing our first acquisition since IPO. Purdy is an award winning gas and electrical contractor based in Essex. Since acquisition, we have successfully integrated Purdy into the Bilby Group and on behalf of the Board I would like to thank all of our employees for the tremendous hard work that has made the integration so successful.

Since the period end, the Group's focus on high standards of service has again been rewarded with new customer wins for both P&R and Purdy. We were also extremely pleased to announce that P&R was awarded first place for a significant framework tender process for gas support work for the South East Consortium (SEC). This will be a transformational opportunity for the Group. To reflect this increasing scale and opportunity for Bilby, as announced on the 2 December 2015 we are delighted to welcome Katherine O'Reilly to the Board of Bilby as Finance Director from 1 January 2016. David Ellingham has been appointed to the new role of Managing and Business Development Director where he will continue focusing on new acquisition opportunities.

Financial results

In the six month period ended 30 September 2015, and reflecting three months contribution from Purdy, Group revenue increased 103% to £11.62m (H1 2014: £5.72m), with operating profit increasing to £0.86m (H1 2014: £0.7m). Adjusted profit before tax (before share based payments of £0.05m, amortisation of acquisition intangibles of £0.18m and acquisition costs of £0.53m) was £0.83m (H1 2014 £0.69m). Reported profit before tax was £0.07m (H1 2014: £0.69m).

The timing of collection of receivables remains challenging. However, following the implementation of tighter financial systems with our clients, cash collections have improved since the period end. From 1st October 2015 to date the Group has collected in excess of £6.8m against the outstanding trade debtors.

At 30 September 2015 the Group had net debt of £4.29m including cash of £1.09m (31 March 2015: cash of £1.63m)

Note: Six months comparative figures to 30 September 2014 are based on management estimates for the trading performance of P & R Installation Limited trading as a private company.

Dividend

The Board continues to believe in adopting a progressive dividend policy. This will enable us to award investors whilst retaining capital for investment in our longer term growth. I am therefore pleased to announce we will be paying an interim dividend of 0.75p for the six months ended 30 September 2015. The ex-dividend date will be 17 December 2015, the record date 18 December 2015 and the payment date 15 January 2016.

This has been an important and significant six months for the Group, during which we have demonstrated our ability to identify, evaluate and take advantage of opportunities to secure growth, both organically and through our buy and build strategy. We look forward to building on this momentum in the second half of our financial year.

Sangita Shah, Non-Executive Chair

9 December 2015

Executive Deputy Chairman's review

Financial performance

During the period, the Group has continued to deliver strong organic growth through winning a number of new contracts in its core London and South East market whilst extending the scope and size of existing contracts.

Revenue by operating segment

	6 months to 30/09/2015 Unaudited £'000	14 months to 31/03/2015 Audited £'000
Gas maintenance	5,121	6,522
Building services	4,078	8,137
Electrical services	2,351	-
Trade counter	70	248
	<hr/> 11,620	<hr/> 14,907

Progress in the period has continued to demonstrate the inherent strength of Bilby's scalable business model and the attractive growth fundamentals that the sector continues to present. These results also reflect a three month contribution from Purdy Holdings Limited ("Purdy").

P&R Installation

Over the six month period ended 30 September 2015, P&R has performed well, winning a number of new contracts with new customers as well as extending existing contracts with long-term customers. P&R continue to work with Hexagon Housing, Central and Cecil, Guinness Partnership, and the recognition for our focus on quality has led to P&R providing a wider range of services in a number of areas for these customers.

As previously announced, P&R recently commenced work for the Royal Borough of Greenwich under a new contract which was originally expected to start in August 2015. During the delay, P&R did however undertake some additional but lower margin work with the Royal Borough of Greenwich. Based on anticipated work under existing contracts, as previously stated this could result in P&R's trading performance being marginally below market expectations for the year ending March 2016.

Since the period end, P&R has achieved first place on a significant framework tender process for gas support work for the South East Consortium (SEC), a consortium of housing associations responsible for over 140,000 properties in South East England. P&R was ranked as the first placed contractor in front of 52 other contractors. This offers P&R the potential for the largest scope of prospective work in its history. The framework period is four years, with contracts starting in 2016 and able to run for a period of up to seven years.

Purdy

Purdy was acquired by the Group in July 2015 for an initial cash payment of £6.57 million together with the issue of 1,250,000 new Bilby ordinary shares at a price of 80 pence per share and the issue of a £0.50 million Convertible Loan Note (the "Loan Note"). The Loan Note is to be paid or converted into new ordinary shares in July 2017. The associated cost of the acquisition of Purdy were £527k.

Following the acquisition of Purdy, we are pleased to confirm that the integration has been a success. Bilby is already benefitting from increased scale and operational presence through improved purchasing power. Additionally there is now the ability for P&R and Purdy to qualify to tender for larger contracts that have minimum pre-qualification revenue requirements. Given the complementary nature of Purdy's geographical markets and service offerings, P&R and Purdy are capitalising on opportunities to cross sell across their customer bases.

Since the acquisition, Purdy has strengthened its trading base further with a major contract win with the London Borough of Hackney. The major new contracts won with Peabody Housing and the London Borough of Barking and Dagenham announced at the time of acquisition, are progressing well. The pilot project with the London Borough of Barking and Dagenham for kitchen and bathroom installation and associated works was successful. Post period, Purdy was successfully awarded a long term contract with the London Borough of Hackney as well being named the second supplier of choice for a SEC electrical framework.

Buy and build strategy

We remain fully committed to our stated strategy of expanding Bilby's businesses via both organic and acquisitive growth. Our dedicated Business Development team is focused on developing opportunities that meet our acquisition criteria, which is based on: service synergies, revenue, geographic focus, management strength, margins, cash flows and forward order book.

We continue to evaluate a number of acquisition prospects in our target markets.

People

As recently announced, following the period end Katherine O'Reilly has joined the Board as Finance Director. The new role of Managing and Business Development Director was created to enable David Ellingham, who previously held the position of Finance Director, to focus on driving Bilby's buy and build strategy. In December, Darren Dunnnett stepped down as Managing Director of Bilby to focus on servicing the expanding order book of P&R.

Personnel and workforce development are a priority for the Group and Bilby has grown its health and safety team to work across both P&R and Purdy. The Group also continues to invest in developing a home-grown workforce through both Purdy's award winning "Purdy Futures" programme and P&R's apprentice programme.

Outlook

The Group's businesses continue to tender for an increasing number of contracts in London and South East England. Organic growth expectations are underpinned by the exceptional reputations of both P&R and Purdy as well as the mandatory nature of the work, driven by government standards and legislation, such as the Decent Homes Standard, the Right to Repair Scheme and applicable gas safety regulations. Bilby continues to evaluate a number of exciting acquisition opportunities. Accordingly, both our organic and acquisitive strategies leave us well placed and give us confidence for the future.

Phil Copolo, Executive Deputy Chairman

9 December 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2015

	6 months to 30/09/2015 Unaudited £'000	6 months to 30/09/2014 Unaudited £'000	14 months to 31/03/2015 Audited £'000
Revenue	11,620	5,716	14,907
Cost of sales	(9,159)	(4,211)	(11,093)
Gross profit	<hr/> 2,461	<hr/> 1,505	<hr/> 3,814
Other operating expenses	(1,597)	(801)	(1,814)
Operating profit before share based payment charge and amortisation of acquisition intangibles	<hr/> 864	<hr/> 704	<hr/> 2,000
Share based payment charge	(52)	-	-
Acquisition costs	(527)	-	-
Amortisation of acquisition intangibles	(179)	-	-
Operating profit	<hr/> 106	<hr/> 704	<hr/> 2,000
Finance costs	(37)	(11)	(20)
Profit before tax	<hr/> 69	<hr/> 693	<hr/> 1,980
Income tax expense	(14)	(145)	(428)
Profit for the period attributable to the equity holders of the group	<hr/> <hr/> 55	<hr/> <hr/> 548	<hr/> <hr/> 1,552
Earnings per share			
Adjusted	2.17p		6.10p
Basic	0.17p		6.10p
Diluted	0.17p		6.10p

Notes

- 1) Six months comparative figures are based on management estimates for the trading performance of P & R Installation Limited trading as a private company. The comparative figures are unaudited
- 2) The Consolidated Statement of Comprehensive Income to 31 March 2015 is for a fourteen months period. The statement comprises of the audited results of P & R Installation Limited for fourteen months together with the Bilby Plc head office costs from 6 March 2015.
- 3) Included within the six months Consolidated Statement of Comprehensive Income to 30 September 2015 is only three months trading of Purdy Contracts Limited.
- 4) The Consolidated Statement of Comprehensive Income for the six months ended 30 September 2015 includes a full six months of Bilby Plc head office costs.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	30/09/2015	31/03/2015
	Unaudited	Audited
	£'000	£'000
ASSETS		
NON CURRENT ASSETS		
Intangible fixed assets	7,176	-
Property, plant and equipment	1,383	524
	8,559	524
TOTAL NON CURRENT ASSETS		
CURRENT ASSETS		
Inventories	1,122	347
Trade and other receivables	8,779	4,033
Cash and cash equivalents	1,095	1,770
	10,996	6,150
TOTAL CURRENT ASSETS		
TOTAL ASSETS	19,555	6,674
EQUITY AND LIABILITIES		
ISSUED CAPITAL AND RESERVES		
Share capital	3,425	2,931
Share premium	4,670	1,213
Share-based payment reserve	52	-
Merger reserve	(2,499)	(2,499)
Retained earnings	2,200	2,940
	7,848	4,585
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
NON CURRENT LIABILITIES		
Borrowings	4,315	-
Obligations under finance leases	40	57
Deferred tax liabilities	1,646	20
	6,001	77
CURRENT LIABILITIES		
Borrowings	998	31
Obligations under finance leases	36	50
Current income tax liabilities	404	448
Trade and other payables	4,268	1,483
	5,706	2,012
	19,555	6,674

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	6 months to 30/09/2015 Unaudited £'000	14 months to 31/03/2015 Audited £'000
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(979)	95
CASH FLOW FROM INVESTING ACTIVITIES		
Interest paid	(37)	(20)
Purchases of property, plant and equipment	(34)	(22)
Acquisition of subsidiary, net of cash acquired	(7,570)	-
Proceeds on disposal of property, plant and equipment	60	376
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(7,581)	334
Cash flow from financing activities		
Repayment of borrowings	(35)	(262)
Proceeds from borrowings	4,795	-
Repayment of Director loans	-	(4)
Capital element of finance lease payments	(31)	(134)
Issue of ordinary share capital	3,951	2,500
Issue costs	-	(856)
Dividend paid	(795)	-
	7,885	1,244
Net (decrease)/ increase in cash and cash equivalents	(675)	1,673
Cash and cash equivalents at beginning of period	1,770	97
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,095	1,770

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015 (unaudited)

	Issued share capital £'000	Share premium £'000	Share- based payment reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance 1 April 2015	2,931	1,213	-	(2,499)	2,940	4,585
Profit and total comprehensive income for the period	-	-	-	-	55	55
Issue of share capital	494	3,457	-	-	-	3,951
Share-based payment charge	-	-	52	-	-	52
Dividends paid	-	-	-	-	(795)	(795)
Balance 30 September 2015	3,425	4,670	52	(2,499)	2,200	7,848

For the fourteen months ended 31 March 2015 (audited)

	Issued share capital £'000	Share premium £'000	Share- based payment reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance 1 February 2014	2,500	-	-	(2,499)	1,388	1,389
Profit and total comprehensive income for the period	-	-	-	-	1,552	1,552
Issue of share capital	431	2,069	-	-	-	2,500
Issue costs	-	(856)	-	-	-	(856)
Balance 31 March 2015	2,931	1,213	-	(2,499)	2,940	4,585

Notes to the consolidated financial statements

For the six months to 30 September 2015

1. Basis of preparation

Bilby Plc and its subsidiaries (together the Group) operate in the gas heating, electrical and general building services industries. The Company is a public limited company operating on Alternative Investment Market (AIM) and is incorporated and domiciled in England and Wales (registered number 09095860). The address of its registered office is 6-8 Powerscroft Road, Sidcup, DA14 5DT.

The Group's financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS's").

The interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements, being the statutory financial statements for Bilby Plc as at 31 March 2015, which have been prepared in accordance with IFRS as adopted by the European Union.

The interim financial information for the six months ended 30 September 2015 do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial information has not been audited.

Significant accounting policies

The accounting policies adopted in the preparation of the interim financial information is consistent with those set out in the preparation of the Group's annual financial statements for the 14 month period ended 31 March 2015.

Going concern

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of these consolidated financial statements. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that are likely to prevail over the forecast period.

On the basis of the above projections, the Directors are confident that the Group has sufficient working capital to honour all of its obligations to creditors as and when they fall due. Accordingly the Directors continue to adopt the going concern basis in preparing these consolidated financial statements.

Publication of non-statutory financial statements

The results for the six months ended 30 September 2015 and 30 September 2014 are unaudited and have not been reviewed by the auditor. The results for the 14 month period ended 31 March 2015 do not constitute statutory financial statements as defined in section 434 of the Companies Act 2006, but have been derived from the full audited financial statements for the 14 month period ended 31 March 2015. Statutory accounts for the 14 month period ended 31 March 2015, on which the auditors gave an audit report which was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies.

The interim financial information has been prepared on the basis of the same accounting policies as published in the audited financial statements for the 14 month period ended 31 March 2015. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements as adopted by the European Union. Comparative

figures for 14 month period ended 31 March 2015 have been extracted from the statutory financial statements for that period.

2. Principal risks and uncertainties

The nature of the principal risks and uncertainties faced by the Group have not changed significantly from those set out within the Bilby Plc annual report and accounts for the period ended 31 March 2015. The main points are listed below:

- The Group's trading operations are dependent on UK and Local government policy with regard to expenditure on maintaining and improving social housing and other public buildings;
- The Group continues to compete effectively on gaining additional new work as well as maintaining existing contracts;
- The Group relies on recruiting, training, motivating and retaining skilled and competent personnel to ensure continued success;
- The Group could suffer an impact on performance if it is unable to maintain long term relationships with its principal sub-contractors; and
- The Group has embarked on an acquisition strategy. No assurance can be given that future acquisitions will be successfully integrated within the Group without incurring additional costs or delays following acquisition.

3. Acquisition of subsidiaries

On 13 July 2015 the Group acquired 100% of the issued capital of Purdy Holdings Limited for a total consideration of £8.07m, obtaining control of Purdy Holdings Limited. The acquisition consideration was funded in part by £5.27m of debt financing.

Purdy Holdings is a privately owned property services business based near Waltham Abbey, Essex. Through Purdy Contracts Limited ("Purdy"), the sole subsidiary of Purdy Holdings, the group operates predominantly as a gas and electrical contractor. Purdy carries out all types of gas and electrical work to both commercial and domestic markets, predominantly focused on social housing and local authority customers. Purdy provides maintenance services to in excess of 130,000 properties located throughout London, the Home Counties and South East England. The Directors believe that the acquisition of Purdy represents an expansion of services and geographical scope which is complementary to P&R.

The provisional fair value of the assets acquired and liabilities assumed were as follows:

	Fair values
	£'000
Cash and cash equivalents	(22)
Property, plant and equipment	966
Intangible fixed assets	7,355
Inventory and work in progress	254
Trade and other receivables	3,574
Trade and other payables	(2,188)
Borrowings	(362)
Deferred tax	(1,507)
Net assets	8,070

The consideration for the acquisition and the goodwill arising on acquisition are as follows:

	£000
Purchase consideration:	
Cash paid	6,570
Fair value of shares issued	1,000
Loan notes issued	500
	8,070

The consideration was satisfied by way of an initial cash payment of £6.57 million together with the issue of 1,250,000 new Bilby ordinary shares at a price of 80 pence per share (the "Consideration Shares") and the issue of a £0.50 million Convertible Loan Note (the "Loan Note"). The Acquisition was been funded through a new term loan of £4.20 million and a mortgage loan of £570,000 from HSBC Bank plc together with the share placing which raised a further £2.95 million for the Group by the issue of 3,687,500 new ordinary shares at 80 pence per ordinary share.

4. Notes to the cash flow

	6 months to 30/09/2015 Unaudited £'000	14 months to 31/03/2015 Audited £'000
Cash flow from Operating activities		
Profit before income tax	69	1,980
Adjusted for:		
Finance costs	37	20
Loss on disposal of tangible assets	7	16
Depreciation	74	126
Amortisation of intangibles	179	-
Share based payment charge	52	-
Movement on receivables	(1,172)	(2,389)
Movement on payables	508	557
Movement in inventories	(521)	(27)
Tax paid	(212)	(188)
Net cash (used in)/generated from operating activities	<u>(979)</u>	<u>95</u>

5. Interim Report

Copies of this Interim Report will be available to download from the investor relations section on the Company's website www.bilbyplc.com

David Ellingham, Group Financial Director

9 December 2015