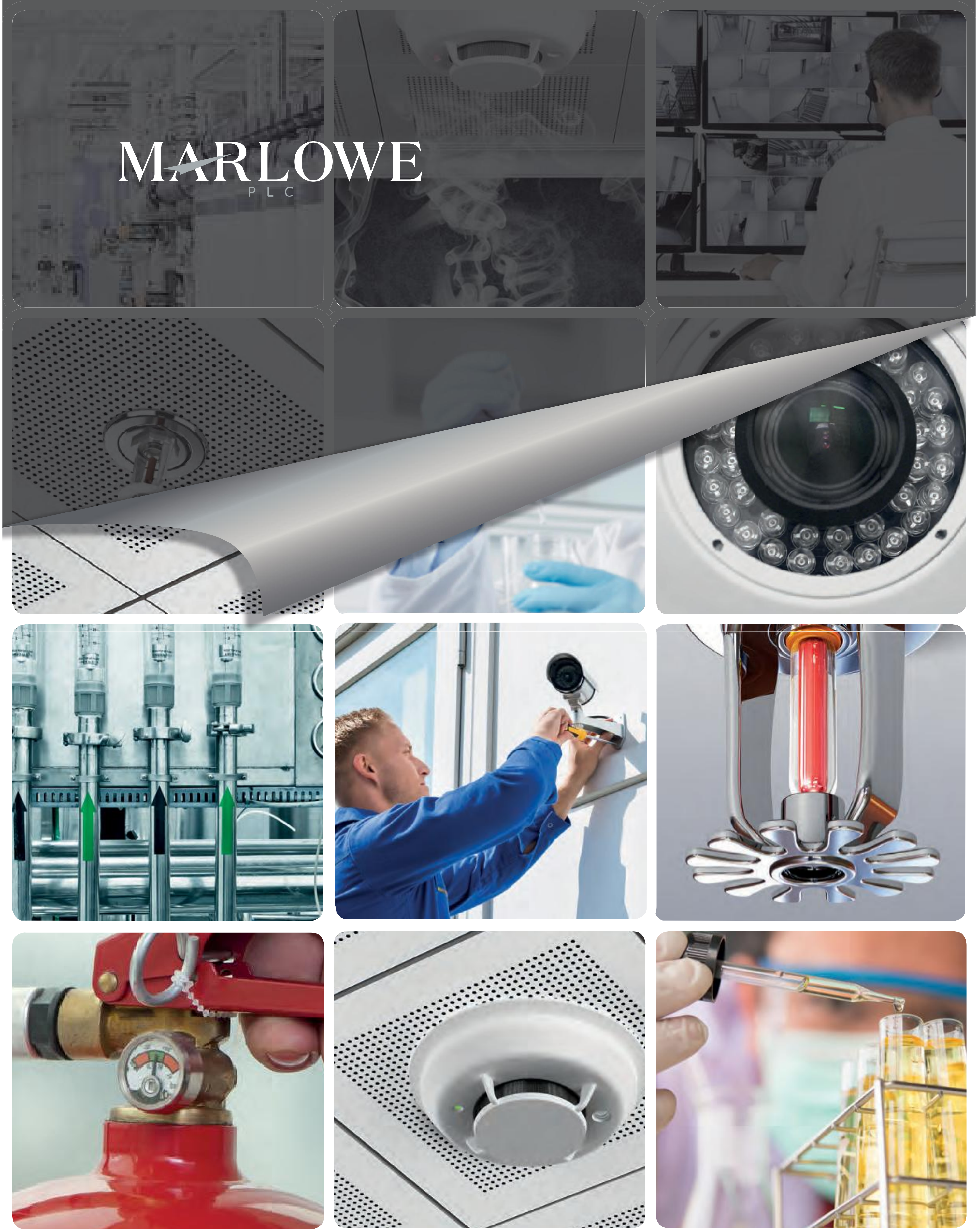
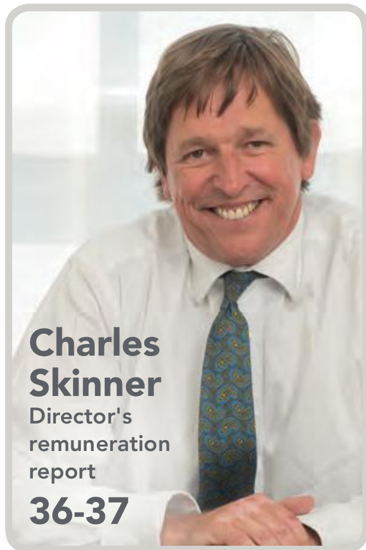


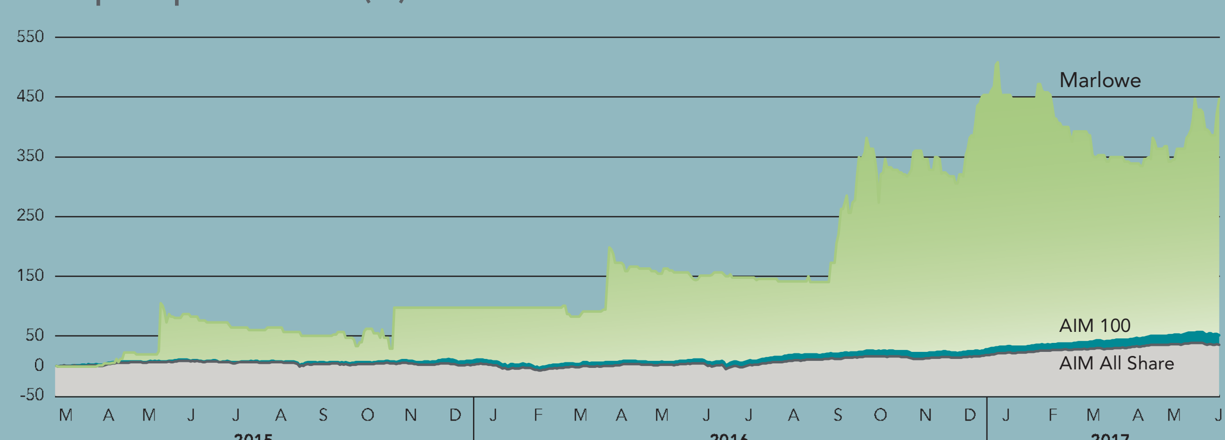
Marlowe plc Annual Report and Financial Statements
for the year ended **31 March 2017**

Contents

Marlowe is an AIM-listed company formed to create sustainable shareholder value through the acquisition and development of businesses in targeted outsourced service sectors across the UK.



Share price performance (%)



It has been a very successful maiden year for Marlowe in which we have refined a clear model and strategy to create significant shareholder value through the acquisition and development of market-leading service businesses. Whilst our story is still in its infancy, on the back of nine acquisitions it is now well progressed which is evident in our strong financial performance.

Since we launched our venture in May 2015, our market capitalisation has grown from £3 million to over £120 million.

Key statistics

- 8 acquisitions completed in year, 1 further acquisition post year-end
- 2 operating divisions
- 800 employees
- 10,000+ customers
- 500,000+ service visits each year
- 10,000,000+ assets serviced each year
- We provide at least one service to 6% of the UK's 1.8m non-residential buildings
- Top 5 position in each of our sectors

Revenue
£46.8m
to 31 March 2017

Adjusted EBITDA
£4.0m
to 31 March 2017

Net Cash
£3.0m
at 31 March 2017

Company timeline

A fast-emerging track record in value creation

Our model for value-creating M&A revolves around disciplined analysis of targets, carefully planned integration programmes and close governance of businesses once part of our group

Marlowe plc was incorporated on 14 January 2016.

On 30 March 2016 it merged with Marlowe Holdings Limited and was admitted to trading on the AIM Market of the London Stock Exchange.

MAY **2015**

The board came together to form Marlowe Holdings

Funds of £8.3m raised to commence acquisition search

Strategy developed to focus on businesses providing critical asset maintenance services across the UK

Placing to raise £3m

New debt facilities with Lloyds bank

Readmitted to AIM as Marlowe plc

Acquisition of **Swift Fire & Security** (see case study p.11)

Q1 2017

Q2 2017

Acquisition of **WCS Environmental**

in April to form our Water Treatment division: WCS was a provider of integrated water treatment, hygiene, testing and engineering services headquartered in Gloucestershire with around 90 employees. The company was founded in 1987 and has a long-standing base of customers across the UK in both the private and public sectors, including leisure, retail, defence and engineering, local authorities and NHS trusts. With the acquisitions of Swift and WCS, we established a presence in our initial target markets of fire protection, security systems and water treatment.

Acquisition of **FAFS Fire Systems**

FAFS is a provider of fire protection services based in Chessington, Greater London. The company was founded in 1990 and installs and maintains fire protection systems under contract for a broad range of business customers in and around the London area. FAFS benefits from a strong base of recurring revenues and fits well alongside Swift in providing us with an excellent platform for growth in the London market.

Placing to raise £10m

Q3 2017

Acquisition of **H2O Chemicals**

doubling the size of our Water Treatment division making us the fifth largest provider in the UK.

(see case study p.13)

Acquisition of **Hentland**

extending our Fire Protection activities into the South West and developing our national accounts business.

Acquisition of **Titan Fire and Security**

providing further critical mass in London and the South East

Placing to raise £10m

Q4 2017

Acquisition of **BBC Fire Protection**

significantly expanding the scale of the Group's Fire division, offering synergy benefits and providing additional route density in attractive geographical regions whilst extending Marlowe's market position to become one of the four largest providers of fire protection services in the UK.

Acquisition of **Alpha Peerless**

who provide a portfolio of fire protection services in the Greater London area, including the installation, service and maintenance of fire detection and fire suppression systems.

Q1 2018

Acquisition of **Advance Environmental**

further developing our Water division's scale and capabilities.

Chairman’s statement

For the period ended 31 March 2017

Chairman's summary of the company's maiden year

I am pleased to report a strong maiden year for Marlowe in 2017. The company has made significant progress in implementing its strategy of organic and acquisitive growth focused on regulated service markets

Financial performance

The fire & security and water treatment markets that we entered during the year have seen robust trading conditions, and alongside our rapid growth in these markets we have made good progress rationalising and improving our operational structure. The markets we occupy are fragmented, and offer significant scope for continued organic and acquisitive growth. We are well-placed to continue to take advantage of this opportunity through the model that we have developed following the successful acquisition and integration of eight businesses during 2017 and a further acquisition since the start of the new financial year.

For the year to 31 March 2017, adjusted earnings before interest, tax, depreciation, amortisation, share-based payment charges, and acquisition and restructuring costs were ahead of expectations at £4.0 million. Turnover was £46.8 million. Earnings per share on an adjusted basis were ahead of expectations at 10.4 pence.

The Company has two operating divisions, Fire & Security and Water Treatment, both of which are focused on providing critical asset maintenance services across the UK built environment. Performance across both divisions, which underwent considerable post-acquisition reorganisation during the year, was strong. As a consequence of completing acquisitions at different stages during the year our results do not reflect a full year of trading for all the entities within our current group. Our Fire & Security division’s turnover, which includes the results for partial ownership of six businesses that were acquired at different stages throughout the year, was £37.8m with an adjusted operating profit of £3.4m. Water Treatment’s turnover, which includes the part-year results for two acquisitions conducted at different stages during the year, was £9.0m and adjusted operating profit was £0.8m.

Corporate transactions

The Group made eight acquisitions during the year funded through a combination of debt, equity fundraisings and equity issued to vendors of businesses that have since joined the Group.

- **Fire & Security, Water Treatment:** In April 2016, we acquired Swift Fire and Security (“Swift”) for £13m and WCS Environmental (“WCS”) for £1.9m in conjunction with the admission of Marlowe to AIM
- **Fire & Security:** In May, we acquired FAFS Fire (“FAFS”) for £2.5m
- **Water Treatment:** In September, we acquired H2O Chemicals (“H2O”) for £2.5m
- **Fire & Security:** In October, we acquired Hentland Group (“Hentland”) for £4.7m
- **Fire & Security:** In November, we acquired Titan Fire & Security (“Titan”) for £0.8m
- **Fire & Security:** In February 2017 we acquired BBC Fire Protection (“BBC”) for £8.3m and Alpha Peerless ("Alpha") for £0.6m

Since the year-end, we have made one further acquisition:

- **Water Treatment:** In June we acquired Advance Environmental for £2.7m.

Derek O'Neill
Chairman

Funding
Net cash at the year-end was £3.0 million.

In April we increased our current debt facility with Lloyds Bank by an additional £5 million to £18.0 million. The increased debt facility will provide further resources to support the Company's acquisition-led growth strategy. In the past year we have benefited from significant support from existing shareholders and new institutional investors and have raised £23m through equity placings during the year. We have significant resources available for further acquisitions and we feel confident in our ability to continue to attract further funding and investment to execute our growth strategy.

Board
Nigel Jackson, one of the founders and Managing Director of Swift Fire and Security, joined the Board as an Executive Director following its acquisition in April 2016.

People
Since the first acquisition in April 2016 the Group has rapidly developed in scale, geography and technical breadth. We now employ over 800 people, over half of whom are highly skilled engineers. The continued dedication of all the teams across Marlowe, during periods of change when new people have joined the Group, has been impressive. The businesses that are in the Group deliver services that are provided by people. As we strive to build our businesses into market leaders we are relying on these people to continue to demonstrate the drive, expertise and passion that has been evident over the past financial year. I thank all our people for their contribution to our first year of strong performance.

Outlook
The integration of our nine acquisitions is proceeding to plan and we have identified a well-developed pipeline of attractive opportunities to add further scale to Marlowe as we continue to implement our strategy of building a leading UK support services group in complementary areas of critical asset maintenance. The current year's trading has started in line with our expectations and we look forward to making further progress during the year.

Derek O'Neill
Chairman
28 June 2017

Business model

Marlowe's model for creating shareholder value

The combination of fast-paced acquisition activity and our organic investment enables us to deliver impressive growth which outpaces that of our competitors and the market

"We generate organic growth by increasing levels of investment in people, improved operational practices supported by technology and through taking advantage of our complementary customer bases across the Group to cross-sell services. Organic growth, the raising of equity from shareholders along with the conservative use of leverage, generates the resources we need to fund acquisitions to accelerate our growth and to enter adjacent service sectors." **Alex Dacre,** Chief Executive

ACQUIRE	in strategically complementary service sectors
ENHANCE	through investment and improvement
ACCELERATE	through organic investment and bolt-on acquisitions
INTEGRATE	to bring about efficiencies and build a national infrastructure
COLLABORATE	to realise strategic synergies across the Marlowe Group

DEEP INDUSTRY KNOWLEDGE

Identify fragmented target sectors which fit with the Marlowe investment criteria

We identify good sectors with long-term growth drivers where businesses provide services which are largely non-discretionary, essential and regulated – services we refer to as critical. These growth drivers ensure that the need for our services is perpetual and sustained throughout economic cycles. We select sectors in which the margins are attractive and sustainable – and can be enhanced through scale and operational efficiency.

We select markets which are fragmented and in which we recognise growing barriers to entry which lay the foundations for consolidation. We select service markets which are made up of businesses that are well suited to support growth, over and above the long-term organic revenue growth rate, through acquisition and subsequent integration.

The sectors of focus are areas in which the Marlowe Directors have a significant amount of quoted company experience and possess records of generating significant returns for their shareholders through acquisition-led growth.

EXPERTISE IN MARKET CONSOLIDATION

Our M&A team then scrutinise the leading private businesses within these sectors, along with a large number of smaller bolt-on opportunities. This process not only tests and qualifies our assumptions about the sector's characteristics but also enables us to develops a deep pipeline of potential acquisition opportunities which we are well prepared to execute at a fast pace.

OPERATIONAL AND FINANCIAL IMPROVEMENTS

Whilst we fundamentally believe in empowering our management teams, Marlowe is not a passive investor in the businesses it acquires. The Marlowe team have a very close relationship with each acquired business and work closely together to develop long-term strategic plans, as well as having regular input on restructuring decisions, capital expenditure and working capital management.

Once part of Marlowe, we work with management teams to make operational improvements to their businesses and to change strategic focus. We invest in people, operational systems and technological improvements all with the aim of improving standards of service, which in turn generates increased organic growth. We aim to take advantage of scale and operational improvements to enhance margins. We implement high standards of governance and financial systems and controls with the aim of improving visibility, identifying and nurturing our most profitable workstreams and improving operating cash generation.

COLLABORATION WITHIN OUR GROUP

We favour entering sectors which share a similar channel to market. This creates competitive advantages because businesses in our group share a similar customer base within which all of our services are sometimes procured by the same person, we are able to accelerate our organic growth rate through ensuring that customer relationships are shared across different Marlowe businesses, enabling cross-selling of services across the Group.

Entering markets which share a similar route to the customer also ensures that we develop a close understanding of our customers needs and equips us well to deliver services to address those needs.

We favour sectors which have, or might benefit from, similar operational methodologies. This enables us to apply many of the same improvement techniques that we have employed in other areas of our Group to drive organic growth.

AGILE DECISION MAKING AND ENTREPENEURIAL AUTONOMY

When we have decided to enter a market, we conduct an acquisition of a platform business, with a strong market share, run by an entrepeneurial management team in which we perceive the potential for significant growth as part of Marlowe. We usually include equity in these types of transactions which aligns the interests of our management teams closely with our shareholders and locks-in our key leaders. In a similar vein, all the founders and Directors of Marlowe have invested in a significant shareholding in the company.

Our decentralised organisational structure gives our businesses considerable management autonomy within a well-defined strategic and control framework. Our model seeks to retain the agility of entrepeneurial private businesses whilst unlocking their potential and stewarding their rapid growth as part of Marlowe, ensuring that all the key stakeholders are focused on value creation.

ACQUISITION-LED GROWTH

We then create further value through using our resources to accelerate the growth of acquired businesses through targeted bolt-on acquisitions, often to develop further geographical reach and critical mass. Potential acquisition targets include the type of businesses which might be below the radar of both large corporations and private equity houses. We are experts in quickly identifying, negotiating and executing these types of deals. Through adding further scale we create opportunities for our integration teams to realise the synergies between acquired businesses and to implement further operational improvements.

BUILD BUSINESS INTO A TOP-3 PLAYER IN ITS MARKET

We only enter markets if we can see a clear path to developing a market leading position within that market in the UK.

Chief Executive on strategy

For the period ended 31 March 2017

Building a strong platform for sustainable growth

In our first year of trading as Marlowe plc we are pleased to report a strong financial performance and a year of significant strategic progress in establishing and developing the scale and breadth of the Group's activities

The company made very good progress during the year delivering a strong trading performance, significant M&A activity and investment in operational improvements. We have executed our strategy at a fast pace throughout the year, more than doubling our run rate revenues and profits since our first acquisition.

We formed Marlowe in May 2015 as a platform to create shareholder value through the acquisition and development of businesses in targeted outsourced service sectors across the UK. Attracted to the increasing barriers to entry that we perceived, and the regulation that drives its growth, we decided, initially, to enter the Fire & Security market. We acquired Swift Fire & Security in April 2016. Since then, we have begun to implement our strategy of building a leading UK support services group in complementary areas of critical asset maintenance. We completed seven further acquisitions during 2017 and completed a further deal following the year-end. We have established two operating divisions: Fire & Security and Water Treatment and are quickly becoming a part of the UK business-to-business service landscape. Our decentralised structure allows each division operational autonomy. Each has its own management team and operational expertise, within a clearly delineated strategic framework.

The service sectors that we occupy are complementary to one another and all the businesses in our Group provide services which safeguard people and assets, maintain systems at optimised efficiency and ensure compliance with regulation (and all are at least partially necessitated by mandatory regulation). Additionally, all the services that we provide as a group share a similar channel to market, customer base and route-based operational methodologies.

Our model is based on identifying areas for the Group to operate in which demonstrate certain investment criteria, acquiring a platform business within that area, enhancing and improving the operations of that platform and then accelerating its growth through further, targeted, bolt-on acquisitions to build and integrate a national infrastructure. Finally, we look to take advantage of opportunities for the businesses within our group to realise strategic synergies through collaboration with one another.

As a Group, we only enter a market if we can see a path to becoming a top-three player in that market and during the year we have built a top-five market position in both Fire & Security and Water Treatment. In line with our strategy, we have developed true national coverage of mainland Britain in each of our sectors which, along with our specific focus on the UK market (in sectors in which our large competitors tend to be divisions of US multinationals) and our ability to provide a range of technical and regulated services through the same channel, we perceive as a significant competitive advantage in winning business against our regional, single-service competitors.

Each of the service sectors that we currently occupy share operational characteristics which are complementary. Our services are primarily route-based and technical. Each

of our operating divisions now benefit from a lower-cost shared support function providing efficient administration with regional service, sales and scheduling hubs throughout the UK. Our engineers are typically field-based and live close to the areas that they service. Operating in sectors which can benefit from complementary operational methods allows us to apply similar improvement techniques across the Group. Our continued focus on the reduction of overheads and investment in operational efficiency offers the potential for significant margin enhancement.

As a Group we are developing a track record of sourcing, acquiring, integrating and developing businesses providing critical asset maintenance services across the UK and our strategy is now focused on three main areas:

- continuing to build the scale of our activities in Fire & Security and Water Treatment through continued investment in organic growth, cross-selling across the customer bases of the two divisions and through further fast-paced acquisition activity;
- enhancing and improving the operations of each of our route-based operating divisions: during the year, our base of fee-earning engineers and technicians has grown rapidly and operational efficiencies, reorganisation and the synergies between acquired businesses have led to our ratio of fee-earners to sales and support staff improving from approximately 52% to approximately 61%. We expect this key ratio to continue to improve as we benefit from the investments the Group is making in operational efficiency and shared support functions and as we conduct further acquisitions. We are focused on margin enhancement which can be influenced through engineer utilisation and productivity and is directly influenced by route density such that increased scale, when employed appropriately, results in more rapid response-times and service and improved profitability;
- broadening the Group's activities through further targeted strategic acquisitions in complementary sectors to which we can then apply the Marlowe acquisition-based growth model.

Marlowe's defensive market qualities, organic growth momentum and potential to acquire new businesses strongly position us to continue to create shareholder value

Investment focus

We decide to enter markets based on specific investment criteria that we have developed:

CRITICAL SERVICES	Sectors we focus on are made up of businesses providing services which are essential or mandatory and in which demand is at least partially driven by regulation or legislation – we refer to these as Critical Services.
RECURRING REVENUES	We focus on businesses that demonstrate annuity-type recurring revenues which allows for attractive forward earnings visibility.
OPERATIONAL COMPLEXITY	We focus on businesses which provide services which are operationally complex to deliver, are technically specialist and could benefit from investment in areas such as technology to enhance the provision of those services.
STRATEGIC FIT	We focus on sectors which fit well together as part of our group and those in which businesses share a channel to market along with complementary operational methodologies to our existing businesses.
NATIONAL COVERAGE	We favour services which lend themselves to both scale, in the form of route densities, and those in which national coverage can be a competitive advantage in winning business.
LONG RELATIONSHIPS	We focus on businesses that provide services to longstanding customers who rarely change providers because it is either impractical to do so or because the services provided are so critical, that the switching costs can be considerable.
TREND TOWARDS OUTSOURCING	We like services in which customers invariably prefer to outsource rather than conduct in-house because of their specialist and technical nature, the levels of regulatory compliance which govern them, the need for service providers to adhere to stringent industry standards and the efficiency which can result from outsourcing.
FRAGMENTED MARKETS	We focus purely on markets which are fragmented in which we see the potential for a quickly executed industry consolidation.

Acquisition case study

Swift Fire & Security

One of the UK's leading national fire protection and security systems service providers

- We acquired Swift for approximately £13m in April 2016.
- One of the UK's leading national fire protection and security systems service providers with revenues of approximately £21m and adjusted EBITDA of approximately £1.8m in the year prior to our acquisition.
- The deal was funded through a combination of existing resources, new equity raised through an oversubscribed placing and £3.5m of equity issued to the vendor
- Swift offers an integrated solution for fire and security systems and the business is categorised into three main divisions:

  Service: recurring planned and preventative maintenance of fire and security systems, associated remedial and small installation work and non-scheduled call out maintenance work; the business enjoys long-standing relationships with blue-chip customers which include national high street retailers, universities, banks, well-known hotel chains, local authorities, large NHS hospitals and facilities management companies;

  Systems: installation of a broad range of fire and security systems; and

  Monitoring: contracted fire, security and CCTV monitoring services and remote systems diagnostics.
- Approximately 57 per cent of Swift's revenues are derived from recurring service or monitoring contracts.

Business and market overview

Marlowe Critical Services

The businesses in our Group provide services which safeguard people and assets, maintain systems at optimised efficiency and ensure compliance with regulation

Marlowe's portfolio of businesses provide critical asset maintenance services in the UK. Our businesses deliver mandatory maintenance, installation and engineering services to assets and systems within a customer's place of business which are essential to their ability to operate in a manner which keeps their employees and members of the public safe and enables both business continuity and systems efficiency. Pertinently, these services also ensure that customers are compliant with regulation and the law.

Our services are provided to commercial properties across the UK. Commercial property includes office blocks, shops and other high street businesses, leisure facilities, industrial buildings, warehouses, factories, airports, and other types of building, such as cinemas, gyms, hotels, car parks and the like.

We are currently focused on fire protection, security systems and water treatment services - which are essential to our customers' operations and invariably governed by regulation, and where customers require a single specialist outsourced provider with nationwide coverage.

The critical services that we provide, and those that the group might consider providing in future, benefit from resilient growth drivers. These growth drivers include increasing health and safety regulation and standards, insurance requirements, increasing concern surrounding reputational risk, population growth, urbanisation and the requirement that complex systems at customers sites have for ongoing maintenance and improvement.

The areas in which we operate are complementary: Fire Protection & Fire Safety Compliance, Security Systems and Water Treatment are all services which are governed by strict regulation and tend to be procured by the same person or department within an organisation.

In many cases, the systems we maintain are designed to keep people safe from very real threats and their maintenance isn't only critical, but is also mandatory. Our customers have a steady demand for our services, largely unrelated to the economic cycle.

All Marlowe's businesses operate nationally and are represented by around 500 highly trained field based service engineers and technicians in nearly every post-code across the UK and a team of 280 support, sales and account management staff.

Case study

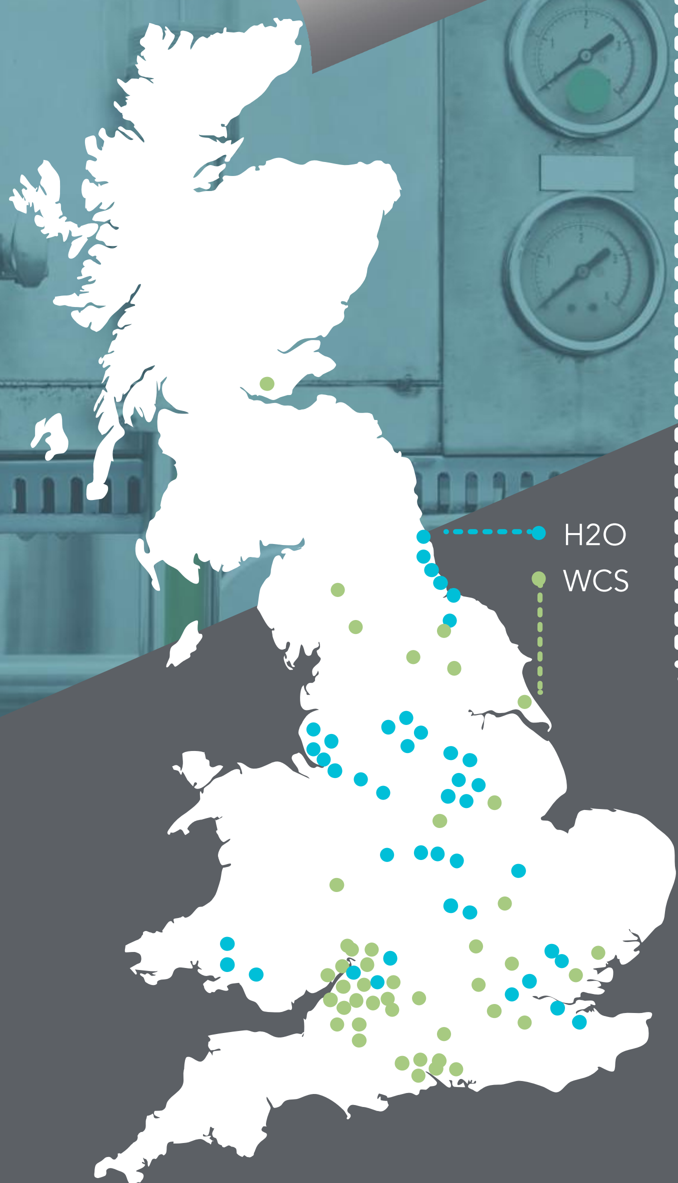
Acquisition of H2O Chemicals

Delivering shareholder value and building market share through targeted strategic acquisitions

We acquired H2O in September 2016. Founded in 1992 and headquartered in Leeds, the business was a provider of water treatment and hygiene services employing 84 staff from 3 offices across the UK.

The business operated nationally with a strong presence in the Midlands and Yorkshire and a base of more than 600 customers in a range of sectors including industrial, leisure, food production, higher education and healthcare delivering a portfolio of services complementary to those offered by WCS, which Marlowe acquired in April 2016.

The acquisition doubled the size of the Water Division, offered synergy benefits and significantly accelerated progress towards our key strategic objective of providing national coverage in each of our sectors. The location of WCS and H2O's engineers (see map) was highly complementary. Integration with WCS is now complete and the merged businesses have rebranded to become WCS Group.



H2O Chemicals key strengths

Top 20 customers	Largest customer
<50% of revenue	6.2% of revenue

Long customer relationships – 9 year average relationship across top 10 customers

Business and market overview continued

Route density - a mass of customers in close proximity - is a significant advantage for us as we grow and benefit from our scale. It results in improved standards and speed of service for our large, geographically spread customers which smaller competitors struggle to compete with

Day and night our engineers are at customer's sites maintaining systems that keep buildings functioning efficiently and safely. We develop and equip our people with the best skills and tools to offer excellent service. We possess the technical expertise to install complex Fire, Security and Water systems and to ensure that those systems are always working as they are intended to, are complying with legislation and are functioning at optimum efficiency.

Our services are business-critical and our responsibility, in many cases, is not just to keep our customers systems, and their businesses, operating effectively but also to keep them safe from very real health and safety threats.

Fire protection market focus

The UK fire protection market is worth an estimated £1.8 billion. The market is fragmented with over 800 operators. The diminishing role of public authorities in UK public services has resulted in fire safety increasingly becoming the responsibility of the private sector. As such, laws and regulations continue to be tightened. The Regulatory Reform (Fire Safety) Order 2005 ("FSO") came into effect in October 2006 and replaced over 70 sets of fire safety regulations. The FSO applies to all non-domestic premises in England and Wales and places the responsibility on individuals within an organisation to carry out risk assessments and maintenance regimes to identify, manage and reduce the risk of fire. The potential exists for prosecution for individuals and companies failing to comply. Regulatory and legislative requirements of this nature, for essential periodic maintenance, lead to recurring revenues which provide an attractive level of earnings visibility.

Our businesses, which operate nationally with a strong regional presence, are distinct from one another and our management teams have the freedom to operate and to innovate in response to customer feedback

Fire & security
75%
of total revenue

Water
25%
of total revenue

Ever-increasing health and safety awareness helps drive our growth. Growing concern around safety results in stricter legislation and places more onus on organisations to ensure the safety of their employees and customers

Business and market overview - Marlowe Critical Services continued

Fire protection

What we do

Our fire safety activities revolve around the service and maintenance of a very wide variety of systems that protect people from the threat of fire. We provide maintenance and installation services to over 8,000 customers across the UK. Each engineer will typically service 4 complex fire & security systems every day. We also provide fire risk assessments and install, remediate or upgrade a diverse range of fire protection measures including fire alarms, fire sprinklers and suppression systems. The majority of our revenues derive from long term or repeat customer contracts.

Security systems

What we do

Our security activities centre on the provision of service and maintenance for security systems including intruder alarms, closed circuit television cameras, complex access control systems and remote monitoring. We provide CCTV and alarm monitoring and a remote systems diagnostics capability from our own purpose built alarm receiving and monitoring centre which operates round the clock in Warrington.

A typical security service contract will run for three years with a two-year extension providing the business with good earnings visibility although a relationship can last much longer. The service contract entitles our businesses to the

Water treatment

What we do

Every day we help manufacturers, commercial businesses, public organisations, institutions, facilities management and maintenance firms look for better ways to perform strategic, non-core processes managing water, hygiene and compliance. We deliver bespoke solutions that are safe, maintain clean environments, optimise water and energy use and improve operational efficiency.

We help customers more effectively manage water systems (heating and cooling), procure and manage chemicals and to clean and maintain critical plant and equipment. We ensure clean, safe water, fresh air and exacting hygiene. Our services extend the life of assets. We enhance operational

Key services:
Fire protection: fire alarms, fire extinguishers, fire risk assessments, fire suppression and emergency lighting.

The regulation:
Current national building regulations require that fire detection and fire alarm systems are installed in many buildings at the time of construction. In addition, legislation requires that, where necessary to safeguard relevant persons in case of fire, existing premises are equipped with appropriate fire detection and fire alarm systems. These systems require ongoing recurring periodic maintenance.

Failure to demonstrate that compliant and regular testing and maintenance of fire protection equipment has been conducted by a competent person can lead to enforcement and potentially prosecution. Each year over 40,000 fires occur in non-domestic buildings and over 69,000 fires in dwelling premises resulting in over 600 deaths each year as a result of fire. Insurance claims related to fires are in excess of £1.1 billion each year.

exclusive right to provide maintenance services and sets out the scheduled maintenance programme for the duration of the contract term.

Our ability to provide customers with fire, security and monitoring services gives us a significant competitive advantage in developing new business relationships with customers who prefer to source services from a single provider.

Services:
Security systems: CCTV, intruder alarms, gates, barriers, access control.
Off-site monitoring: intruder alarm and CCTV monitoring, remote diagnostics and keyholding.

The regulation:
In the security systems market, The National Police Chiefs' Council (''NPCC'') of England, Wales and Northern Ireland dictate that the police will only respond to a remotely monitored security system in cases where businesses are compliant with the NPCC Requirements for Security Systems. Businesses must comply with the NPCC Policy on Police Response to Security Systems in addition to a recognised standard or code of practice controlling manufacture, installation, maintenance and operation (any systems installed after June 2012 must conform to PD6662: 201 and BS 8243).

efficiency. We help customers manage Legionella risk, conserve energy, reduce water use and maximise safety responsibly and predictably with measurable results.

Services:
- Design, build, monitor and maintain water systems
- Audit and test systems
- Chemical management services
- Operational improvement engineering
- Training and ACOP L8 compliance
- Engineering support for planned and major scheduled maintenance and improvement for critical systems and water treatment

The regulation:
We ensure exacting BS 2486, BG 50, HSG 274 part 1 and ACoP L8 compliance and control improvements for customers in aerospace and defence, energy, food, healthcare, hospitality, industrial markets and the public sector – managing and logging performance for over 80,000 assets each year.

Health & Safety Act 1974, LS (ACOP) 2001, Control of Substances Hazardous to Health Regulations 2002 and Water Supply Regulations 1999 ensure that organisations have a legal duty to prepare and manage a scheme for maintaining safe water quality (and provide a framework of actions designed to assess, prevent or control the risk from bacteria such as Legionella and take suitable precautions).

Chief Executive's operational and financial review

Our model for value-creating M&A revolves around disciplined analysis of targets, carefully planned integration programmes and close governance of businesses once part of our group

Key performance figures

	Revenue 2017	Revenue 2016	Adjusted* Operating Profit 2017	Adjusted* Operating Profit 2016
Fire & Security	£37.8m	-	£3.4m	-
Water Treatment	£9.0m	-	£0.8m	-
Head Office costs	-	-	(£0.7m)	-
Total	**£46.8m**	**-**	**£3.5m**	**-**

* Before amortisation of intangible assets, share based payments, and acquisition and restructuring costs.

These are the key results from the ongoing businesses which are included in the fuller statement set out under 'Profit Before Tax' below.

Fire & Security division

Our Fire & Security division comprises three main activities focused on the maintenance of fire and security systems: installation and recurring maintenance of systems designed to detect fire and to protect people from the threat of fire; the provision of services related to installing and maintaining electronic security systems; 24/7 monitoring and remote-diagnostic services for alarms and CCTV from a purpose-built Alarm Receiving Centre ('ARC').

The bulk of our revenues are derived from contracted maintenance, with planned service visits, which are typically arranged months in advance alongside reactive repairs. The installation work that we conduct is, for the most part, carried out for existing service customers, or with the view to converting a systems installation into a long-term service relationship.

During the year we conducted six earnings enhancing acquisitions in Fire & Security and have established a top-four market position, operating nationally from seven sites across the UK. The business employs about 550 people, 60% of whom are technically skilled technicians and engineers. We provide services to a very broad range of customers, ranging from the Royal Estates, for which we hold the Royal Warrant, and the Bank of England, to national retailers, universities, local authorities, leisure facilities and industry throughout the UK. During a year we carry out about 390,000 scheduled service visits, many of which will result in necessary additional work at the time of service, or on a return visit. Operational efficiency and high standards of service are closely linked in the provision of fire & security services: Through ensuring that engineers have the appropriate training and the correct stock we focus closely on our ability to remediate faults at the first service visit rather than making return visits to customer sites. This results in improved productivity, profitability and service levels which helps us to retain customers who value the critical services we provide. As a business, if our engineers are spending more productive time at customers sites completing more service work, standards of service and compliance at our customers sites will improve. The most efficient means of generating organic growth in our specialist service markets comes through delivering best-in class service levels which lead to customer referrals. We try to allow our engineers the autonomy to spend sufficient time at each service visit to provide - and in some cases to upsell - all the required services alongside ensuring that our routes are planned in such a way that an engineer can spend more time at customers sites improving standards of compliance and less unprofitable time travelling between service visits.

Trading and operations

Trading in Fire & Security was strong with adjusted operating profits of £3.4 million and revenues of £37.8 million.

Our base of recurring service revenues, which mainly comprise contracted planned preventative maintenance visits to customer sites, grew strongly with the addition of some key national accounts comfortably outweighing customer attrition. A key component of our growth strategy in Fire & Security is to use our now well-established national coverage to grow our national accounts portfolio whilst taking advantage of our proximity to regional customers, through our regional presence, to maintain the growth of our SME customers – the rate of which was strong during the year. Our scale now ensures that our Group possesses the appropriate technical capabilities, supplier relationships and accreditations to service our customers' requirements – some of whom will only procure from service providers who meet very high quality standards or have relationships with specific suppliers.

1 Marl-X

The businesses in our Group offer a complementary range of services and the majority of our customers will have a need for more than one of the services that the Group provides. We have developed a customer relationship management portal to identify additional services to sell to our existing customers which the whole Group has access to.

Houses of Parliament 2

We protect our country's politicians from water borne threats and keep their water systems operating efficiently.

3 One-Stop Stores

Our 8 year long partnership with Tesco's 850 One-Stop Convenience stores has seen us develop 'the store of the future' incorporating Fire Protection, CCTV, Intruder Alarms, off-site monitoring, Smoke Cloak and asset protection innovations.

4 Bourne Leisure

Bourne Leisure is one of the largest providers of holidays homes in the UK. They (Haven, Butlins and Warner Leisure Hotels) operate leisure assets on 6,500 acres and over 4 million families stay at one of their parks, resorts or hotels every year. We protect all of Bourne Leisure's property assets and their visitors from the threat of fire.

Insight 5

To improve compliance at customers sites and to enable real-time visibility of data we have developed a client portal to give customers instant access to their compliance data across large and diverse property portfolios.

6 Legionella Control

Every day we test hundreds of samples of water at some of the UK's leading hospitals for traces of legionella, pseudomonas or other potentially life-threatening bacteria. Our hospitals trust us to the extent that we often sit on their Water Safety boards to provide expert advice.

Chief Executive's operational and financial review continued

Over the last year our main focus has been on the integration of the six acquisitions that were completed in the year. The integrations are well-progressed and the business is now operating as four main brands, each under the Marlowe Critical Services banner.

A new Fire & Security division Finance Director joined the business during the year, in line with our strategy to implement improved financial systems and controls following each acquisition.

We have completed the reorganisation of the Swift and Hentland businesses resulting in cost-savings in line with expectations at the time of each acquisition. Following the Alpha Peerless and Titan acquisitions we closed two offices and were able to reduce back office headcount in line with expectations. The operations of these businesses were transferred into our London hub which was formed through the FAFS acquisition. All the businesses within the division now operate from the same improved operating systems which is resulting in improved efficiency and visibility.

The rate at which we successfully resolve an issue during the first service visit and the number of service visits that an engineer carries out per day are rising, as is, crucially, the average revenue that each engineer is generating per day. Utilisation, which is a measure of the time an engineer spends at customers sites as a percentage of their total working hours, has improved during the year.

Our Alarm Receiving Centre (ARC), which became operational at the start of the year, improved its profitability as the year has progressed and the number of monitored alarms increases as we transition connections from the outsourced partners who were previously fulfilling this service and as the centre benefits from its increasing scale and growth. The cost base of the ARC is largely fixed such that further scale is anticipated to enhance profitability.

Our operating margin across the division was 9.0%.

Between January and April of 2017, our ratio of fee earners to sales and support staff rose from 52% to approximately 61%

We expect this key ratio to continue to improve as we conduct more acquisitions and benefit from the investments the group is making in operational efficiency

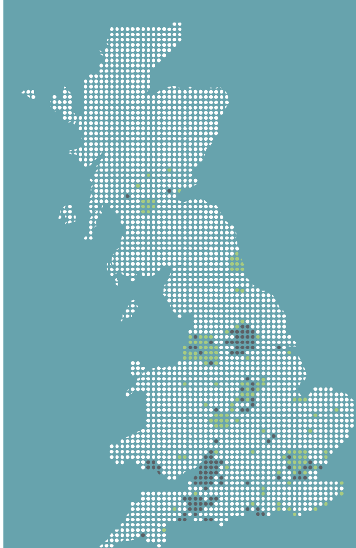
Engineers

Evolution of engineers with each acquisition

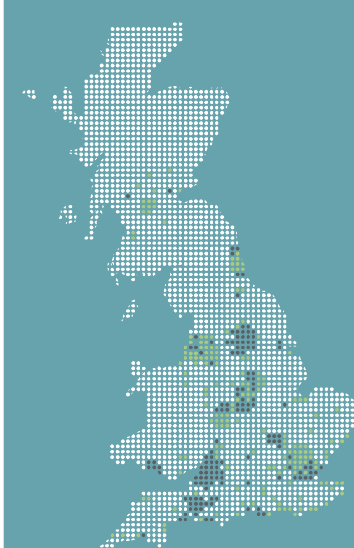
Our engineers schedules allow them adequate time to spend at customers sites to ensure compliance. We aim to remediate faults on the first service visit. This keeps systems operational and compliant whilst improving engineer productivity

The maps below demonstrate how with each acquisition we make, and as the Group continues to grow organically, the number of engineers in the Group grows too. As a result, we grow closer in proximity to our customers. We can improve service levels and become more efficient.

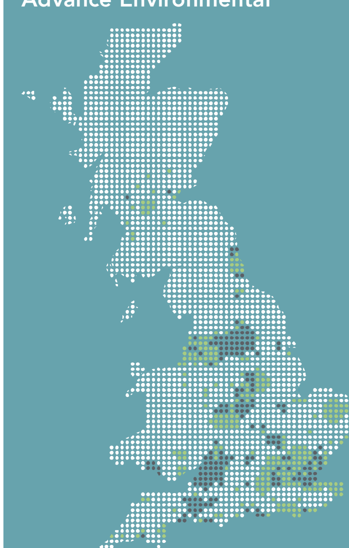
Swift and WCS



Hentland, H2O, FAFS & Titan



Alpha Peerless, BBC and Advance Environmental



Chief Executive's operational and financial review continued

Our pipeline of M&A opportunities going into the new financial year is particularly strong

Water Treatment division

Our Water Treatment division delivers services mainly related to maintaining and optimising water systems to: manage safety from the risk of water borne diseases; improve operational efficiency and conserve energy; provide engineering and installation services to water systems, with a focus on converting these projects into long-term recurring service relationships.

During the year we conducted two earnings enhancing acquisitions in Water Treatment, with a further deal completed post year-end, and have established a top-five market position operating nationally from six sites across the UK. The business employs about 220 people, 62% of whom are technically skilled technicians and engineers. Like our Fire & Security activities we provide services to a diverse base of 970 customers, ranging from the Houses of Parliament to large manufacturing sites, chains of hotels, hospitals, care facilities, universities and leisure facilities. During a year we carry out about 237,000 service visits, some of which will lead to further opportunities to engineer and upgrade water systems. Much like our Fire & Security activities, critical mass and route density can lead to increased efficiency in the provision of water services. The market remains highly fragmented, but the advantages of route density on a national scale, along with the increasing need to adhere to very high standards of quality and possess appropriate accreditations continues to put pressure on the smaller independent players and we view this as representing a significant opportunity for the Group to continue to consolidate this market through further acquisitions.

Trading and operations

Water Treatment traded well, turnover was £9.0 million and adjusted operating profit was £0.8 million.

Our base of recurring service revenues demonstrated good organic growth with key successes in developing our portfolio of large healthcare customers. During the year we have implemented a proprietary system, called Marl-X, which enables each business within the Group to have access to each other’s customer relationships in order to identify cross-selling opportunities. Water Treatment experienced good growth during the year as a result of cross-selling from Fire & Security customers.

The integration of the two acquisitions conducted during the year is nearly complete and the businesses now operate as WCS Group under the Marlowe Critical Services banner. Cost savings as a result of the merger have been in line with our expectations at the time of acquisition. Following the H2O acquisition three offices were vacated and the merged businesses within the division now operate from newly implemented operational systems leading to significantly enhanced efficiency levels. As in Fire & Security, a new Finance Director joined the division towards the end of the year with a close focus on cost-control. Post year-end we completed the acquisition of Advance Environmental in June. Integration of the business into our national infrastructure has commenced, which we expect to generate further operational benefits.

Our operating margin across the division was 9.3%.

Head office costs

Head office costs, excluding amortisation, share based payments and restructuring and acquisition costs were £0.7 million.

Profit before tax

Adjusted profit before tax for the year ended 31 March 2017 was £3.3 million.

Acquisition and other costs of £2.6 million (2016: £0.1 million) include £1.1 million (2016: £0.1 million) of restructuring and redundancy costs. During the year, most of the costs relating to the rationalisation of Swift, WCS, FAFS, H2O Chemicals, Hentland, Titan and Alpha Peerless were incurred. This primarily consisted of redundancy payments, double-running costs of roles which were scheduled for redundancy and double-running costs of properties prior to rationalisation. The majority of these costs are incurred in the 12 months following an acquisition. Typically, the restructuring and redundancy costs incurred equate to approximately the anticipated annualised cost saving.

Amortisation of intangible assets for the year was £0.6 million (2016: £Nil) with the increase attributable to the higher carrying value of intangible assets.

Due to the one-off nature of acquisition and other costs and the non-cash element of certain charges, the Directors believe that an adjusted measure of profit before tax and earnings per share provides shareholders with a more appropriate representation of the underlying earnings derived from the Group's business.

To arrive at adjusted profit before tax the following adjustments have been made:

Continuing operations

	2017 £'m	2016 £'m
Profit before tax	0.7	(0.1)
Share based payments charge	0.3	-
Acquisition costs	0.6	-
Amortisation of intangible assets	0.6	-
Restructuring costs	1.1	0.1
Adjusted profit before tax - continuing operations	3.3	-

Reconciliation of Adjusted Operating Profit and Adjusted EBITDA

	2017 £'m	2016 £'m
Adjusted Operating profit	3.5	-
Depreciation	0.5	-
Adjusted EBITDA	4.0	-

Earnings Per Share (EPS)

	2017 pence	2016 pence
Basic adjusted earnings per share	10.4	-
Basic earnings per share	1.1	-

Basic adjusted earnings per share are calculated as adjusted profit for the year less standard tax charge divided by the weighted average number of shares in issue in the year. Basic earnings per share reflect the actual tax charge.

Acquisition and Other Costs

	2017 £'m	2016 £'m
Acquisition costs	0.6	-
Amortisation of intangible assets	0.6	-
Restructuring costs	1.1	0.1
Share based payments charge	0.3	-
Total	2.6	0.1

As mentioned above, the integration of acquisitions remains the key component of acquisition and other costs. In the year, the Group undertook the bulk of the restructuring on Swift, WCS, FAFS, H2O, Hentland, Titan and Alpha Peerless.

Transaction costs include stamp duty costs in addition to the cost of legal and professional fees incurred as part of the acquisitions.

Restructuring and redundancy costs have increased to £1.1 million in 2016. As noted above these primarily relate to the acquisitions conducted during the year and include:

- The cost of duplicated staff roles during the integration and restructuring period.
- The redundancy cost of implementing the post completion staff structures.
- IT costs associated with the wind down of duplicated. IT systems and the transfer across to the destination systems.
- Property costs associated with sites which are identified at the point of acquisition as being superfluous to ongoing requirements and where a credible exit strategy is clear to management.

Interest

Net finance costs amounted to £0.2 million (2016: £Nil) which reflects the increased average levels of debt as a result of acquisitions.

Taxation

UK Corporation Tax is calculated at 20% (2016: 20%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate remained at 20% throughout the year. The rate will reduce to 19% on 1 April 2017 falling further to 17% on 1 April 2020; accordingly, these rate reductions have been reflected in the deferred tax balance which forms part of the statement of financial position.

Statement of financial position

Net assets increased to £35.0 million (2016: £7.5 million) primarily due to the eight acquisitions and the placing of shares. Goodwill and intangibles at 31 March 2017 were £26.6 million (2016: £Nil).

Property, plant and equipment totalled £2.6 million (2016: £Nil), comprising the freehold property in Norwich and Newcastle, operational equipment, vehicles and computer systems.

Cash flow

The net cash inflow from operating activities increased to £1.4 million (2016: £Nil).

Net working capital usage in the year was £0.8 million which included, working capital requirements for Swift and Hentland acquisitions. The structure of both these transactions was such that the consideration paid was reduced by the estimated amount of working capital required post completion.

Capital expenditure totalled £0.4 million (2016: £Nil) following the investment in our IT systems across the business and in the mobilisation of our Alarm Receiving Centre.

Chief Executive's operational and financial review continued

Synergies can be achieved, post-acquisition, through effective integration, the benefits of scale, increased geographical footprint, cost-control and effectively managed cross-selling structures and systems

Net cash

Net cash at the end of the year was £3.0 million (2016: £10.6 million). Facilities at the end of the period totalled £12.5 million, comprising £10 million of term loans and a £2.5 million revolving credit facility. Scheduled repayments total £3.30 million against the term loans before a final settlement payment of £1.50 million in 2019. The Group has sufficient headroom on its facilities at the end of the period to continue to fund acquisitions as part of its strategy should it choose to do so with debt.

On the 27 April 2017 the Company increased its term loan facility by an additional £5.0 million.

Key Performance Indicators (‘KPIs’)

The Group uses many different KPI’s at an operational level which are specific to the business and provide information to management. At an executive level, a selection of operational KPIs, which allow a relevant and robust review of operational performance, are considered with operational management on a monthly basis. The board also relies on KPIs that focus on the financial performance of the Group such as revenue, gross profit and operating profit.

The non-financial indicators that are regularly monitored are customer satisfaction and retention as well as staff turnover ratios, especially the turnover of skilled engineers. Customer attrition rates are low, as the business has strong and long-term relationships. The Group has a strong team of experienced and dedicated staff and staff turnover rates are low.

Risks specific to the Group, its business and the industry in which it operates

Dependence on key personnel

Attracting, training, retaining and motivating technical and managerial personnel is important to the Group. Retention measures are in place to attract, retain and incentivise personnel to mitigate such a risk.

Loss of key customers

The Group has relationships with over 5,000 customers of which about 100 are significant relationships. The loss of relationships with customers could have a negative effect on performance. Attrition rates in the Group are low and relationships are strong. Our largest customers represent a relatively low percentage of our revenues.

Liquidity

The Group is likely to require additional funds in future to finance its operations and the acquisition of other businesses. Debt financing secured by the Group in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult to obtain additional capital and to pursue business opportunities. The Group closely monitors the funding it has available to it and is conservative in its use of debt.

Compliance with regulations and changes in legislation

The markets in which the Group operates are subject to a range of environmental, health and safety laws. The Group is very aware of the regulatory requirements and certifications needed to operate and this is given the highest importance within the organisation.

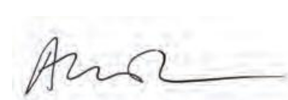
Failure of information systems

The Group’s ability to maintain financial controls and provide a high quality service to its customers depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems. All our systems are backed up off site and we have robust disaster recovery measures in place.

Reputational damage from failure of fire installation and security services

Failure of any of the Group’s fire or security systems or maintenance services could expose the Company to reputational damage, should any of its clients experience fire or security related incidences. We mitigate this risk through auditing the standard of the service we deliver on a daily basis.

The strategic report on pages 4 to 29 has been approved by the Board and signed on its behalf by



Derek O’Neill
Chairman
28 June 2017

Alex Dacre
Chief Executive

Case study

Leonardo Helicopters

We are long standing partners to one of the leading aerospace, defence and security providers in the UK

We have worked with Leonardo Helicopters in Yeovil for 28 years. We provide engineering services through a team of 8 specialist engineers.

Our team delivers all water plant and local exhaust ventilation maintenance and breakdown callouts.

We maintain cooling towers and provide process line and copper plate line support to ensure Leonardo's manufacturing processes are operating at optimised efficiency. This is a highly regulated COMAH process involving extreme noxious substances such as cyanide, chrome, cadmium and various solvents.

Our team are highly qualified and have HSE COMAH passport qualifications. We manage Leonardo's onsite Occupational Health Safety and Environment employing a Statutory Inspection Team. The team carries out all water hygiene works (legionella testing etc), effluent discharge monitoring, cooling tower treatment and testing, steam boiler treatment and testing, LEV testing and water meter readings.

The Health and Safety Team also consists of health and safety advisors, specialist administrators and one fire risk assessor. They control all health and safety aspects on site. Our Occupational Health team consists of nurses, a physio, a part time doctor, nursing technicians and medical administrators. Our team carries out all return to work checks, staff wellbeing, minor injuries, testing of flight crews and testing of staff involved with COMAH processes where noxious substances are used.

Investor proposition

Customer diversification

Bank of England

For the Bank of England we designed, supplied and commissioned large integrated systems which we maintain on an ongoing basis. All the systems are open protocol using networked Kentec Syncro control panels with guide graphics user interfaces and operating with Apollo Discovery detection. The annunciation uses Baldwin Boxall voice alarm systems. Our engineers must have special security clearance to access sites and must adhere to extremely high standards.

The Group has relationships with over 10,000 customers of which about 500 are key national accounts. Whilst we have specialisms in many industry verticals, we aren't dependent upon any and we service customers across the entire spectrum of the built-environment. Our customers can be found on most high streets, in office complexes and industrial estates, and include SMEs, local authorities, leisure facilities, manufacturers & industry, facilities management providers, property agents, multi-site NHS trusts and FTSE 100 companies. We estimate that we provide at least one service to 6% of the UK's 1.8 million non-residential buildings.

Robust markets with steady growth prospects

Travelodge

For over 7 years WCS has partnered with Travelodge Hotels providing services to their 515 hotels around the UK. We deliver a broad range of services related to water safety and water system optimisation: we carry out Legionella risk assessments, conduct regular tank cleans, monitor thermostatic valves and quickly remediate any issues that need resolving across all their sites. Travelodge has 20 new hotels planned this year which we will service. As our customers grow, we grow with them. We have the ability to accelerate organic growth and upsell service offerings.

We operate in noncyclical, specialised markets. In the service markets we operate in demand is largely non-discretionary and our services, to a significant degree, are not threatened by changes in trends or the economy. Demand for our services is underpinned by long-term growth drivers including health and safety regulation and population growth. Whilst technology, which we embrace across the Group, can enhance the services we provide, it will not threaten the requirement for the services that we provide. Since 2000, the value of the UK's commercial property stock has grown by an average of 3.7% each year, compared to RPI inflation of 2.8%. Each of our markets grows at about 5% per annum as new buildings are built in the UK and standards of compliance and health and safety improve and continue to be increasingly enforced.

Long and valuable customer relationships, annuity-type recurring revenues and good visibility of earnings

Royal Warrant

For over 20 years BBC Fire Protection has protected the Queen and the Royal Family from the threat of fire. We are proud to be holders of the Royal Warrant.

Our businesses carry out in the region of half a million planned preventative maintenance site visits and maintain millions of assets at those sites each year. Typically, these site visits are planned many months in advance and recur between 1 and 4 times per year. At each service visit, we identify whether systems are working correctly, safely and efficiently. If remediation is required, we carry out this work as well. If a system breaks down, we respond immediately to fix the problem or replace the system.

Our average customer relationship length across the Group is over 7 years. The services we provide are so important to our customers that the costs of switching service providers can be undesirable. The services we provide in the main are highly technical and critical to the safe functioning of our customers businesses. The services we provide are not a commodity, and the standards of the service we deliver can differentiate us from our competition whilst ensuring that we enjoy high customer retention rates. The complexity and specialism of the services that we deliver results in our customers relying on us as trusted outsourced service partners.

Growth through value enhancing M&A, integration & collaboration

Hentland

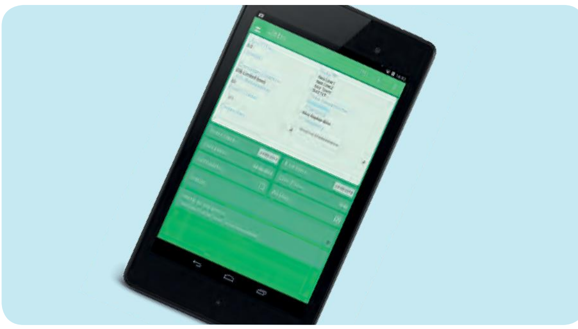
Our geographically targeted acquisition of Hentland Group, the Bodmin headquartered national provider of Fire & Security, for £7.6m, was completed in October 2016. Since the acquisition, our integration team has been focused on enhancing the businesses IT and operating infrastructure to enable integration into our Fire & Security Division. The integration of the business is now complete.

The acquisition has:

- significantly expanded the scale of the Group's Fire division, offered synergy benefits and provided additional critical mass and route density in geographical regions that are attractive to our strategy;
- materially increased the customer base and recurring revenues of our fire activities, with the addition of large blue-chip organisations to which the Group can cross-sell other services

Investor proposition continued

Operational improvements and innovation



Utilisation of engineers

We are experts in route-based services and we look to continually improve engineer utilisation & productivity. Our businesses rely on skilled and technical engineers to provide critical services to our customers. We invest in our people to ensure that they possess the correct training, tools and expertise to provide expert services. We look to improve compliance at our customers sites and to enhance the productivity of our engineers through correctly managing stock and ensuring the engineer equipped with the most appropriate expertise is sent to each service visit. We implement sophisticated route planning to improve response times and ensure that we spend less time travelling between jobs and spend more profitable time delivering services at customers sites.

Through effective research and development we have invested in the latest technology to deliver our services to the highest standards. We have developed proprietary CRM platforms to drive cross-selling between our sales teams and to provide real-time and useful analytics and compliance data to our customers and engineers. This data continually improves the delivery of our services and ensures high standards of compliance. We are continually innovating the service that we are delivering to customers: WCS now provides remote technology to continually monitor water systems remotely. We invest in technology to improve back office processes, such as developing the efficiency of purchasing through the use of OCR technology to intelligently interpret thousands of purchase invoices.

National coverage and growing barriers to entry

Boots

Since 2012 we have provided a broad range of Fire Protection services to all 2,700 boots stores in the UK. We have to be wherever our customers are. Our Group has 11 strategically located hubs around the UK and engineers based across the UK able to access every postcode in the UK rapidly. We are one of a handful of service providers that can provide true national coverage in all the service sectors we operate in. Our customers procurement processes are becoming increasingly sophisticated such that they are looking to consolidate their supplier base to work with strategic national partners who possess a national footprint, such as ourselves, rather than numerous regional providers who are unable to operate nationally effectively.

We occupy markets which have growing barriers to entry: For instance, our customers continue to require higher and more transparent standards of service, compliance and response times, which our smaller competitors find very difficult to deliver on any sort of scale. Our customers demand well-invested and complex operating systems in order to comply with higher regulatory standards and customer demands; The economies of scale that we are beginning to enjoy through large volume relationships with suppliers, along with the significant advantages presented by increased route density (the proximity of our customers to one another) as a result of increased scale, make our services more cost-effective to our customers and more profitable to deliver.

Case study

Cambridge University

The Cambridge University Estate comprises 276 buildings ranging in size and occupancy – all of which we provide services for. These include academic departments, libraries, the Fitzwilliam Museum and student accommodation blocks.

We provide the following maintenance services;

- Fire detection
- Refuge alarms
- Gaseous suppression
- Voice alarm
- Evacuation chairs
- Smoke dampers
- Smoke and fire doors
- Fire shutters
- Dry risers
- Sprinkler systems and associated pumps
- Fire extinguishers and blankets
- Private hydrants
- Emergency lighting

The numbers are impressive with over 206 individual fire alarm systems, 7000 extinguishers and 20,000 emergency lights.

The contract has a dedicated team of 5 permanent engineers.

As a group, we have significant contracts with approximately 10% of the UK's universities.

Board of Directors

as at 31 March 2017

The Company is led by a Board of Directors who bring strong track records in value creation and years of experience in running large quoted and private businesses in the support services sector

1 Alex Dacre has a background in the quoted business-to-business services sector and an expertise in executing buy-and-build growth strategies. Prior to forming Marlowe, he directed Impellam Group plc's corporate development activities, completing a number of significant acquisitions including the transformational £73m acquisition of Lorien Resourcing, a UK market leader in technology recruitment with £350m in revenues. During an 18 month period of acquisitions, Impellam saw its market capitalisation more than double to over £400m and it became the UK's second largest temporary staffing business. Prior to this, he worked with Charles Skinner to turn around AIM-listed Restore plc into one of the UK's leading office services companies and a leading consolidator in the document management and commercial relocation sectors.

2 Derek O'Neill was Chief Executive and a majority shareholder of Lorien Resourcing, a £350m revenue market leader in technology recruitment, until its recent sale to Impellam Group plc. He has previously been on the Board of two listed companies including Deltron Electronics plc. He spent 12 years as an executive director of a number of private equity backed businesses and also as an executive director in a diverse range of sectors, including house building, electronics, engineering, telecommunications, logistics and recruitment. He is currently a non-executive director of Impellam.

3 Peter Gaze was recently the Chief Financial Officer and a Director of BCB Holdings Limited and of Waterloo Investment Holdings Limited. Peter was an executive at ADT Group plc during its expansion in the UK and US, in the period leading up to its acquisition by Tyco International for £3.7 billion in 1997. He chairs the Audit Committee.

4 Nigel Jackson was appointed to the Board on 1st April 2016 following the acquisition of Swift. He has a background in developing support service businesses and has operated in the service sector since 1980. Nigel qualified as a chartered accountant in 1978 whilst working for PricewaterhouseCoopers. He co-founded Swift in 1982 and for the last 10 years, as Managing Director, has spearheaded its growth into one of the leading independent businesses in the sector during a period which has seen consistent growth in revenue and profit. Prior to running Swift, Nigel ran his own accountancy practice, Jacksons Chartered Accountants, from 1985 to 2005 before it was sold to the other partners. He is a director of a number of other private businesses.

5 Charles Skinner is Chief Executive of Restore plc, the AIM-listed provider of office services. Under his leadership its market capitalisation has grown from £1m to around £500m today. He was previously Chief Executive of Johnson Services Group plc and Brandon Hire plc, prior to which he was at SG Warburg, 3i plc and was Editor of Management Today. Charles has 20 years' experience as Chief Executive of quoted companies, all operating in the business to business service sector. He chairs the Remuneration Committee.

1
Alex Dacre
Chief Executive

3
Peter Gaze
Non-Executive Director

2
Derek O'Neill
Chairman

4
Nigel Jackson
Executive Director and
Managing Director of Swift

5
Charles Skinner
Non-Executive Director

Directors' report

The Directors submit their report and the financial statements of Marlowe plc for the year ended 31 March 2017

Derek O'Neill, Chairman (left)
Charles Skinner, Non executive director (right)

Marlowe plc is a public limited company quoted on AIM, incorporated and domiciled in the United Kingdom where the vast majority of trading occurs.

Results
The profit before tax for the year ended 31 March 2017 was £0.7m (2016: (£0.1m)).

Dividends
The Company has not declared any dividends in respect of the current or prior period.

Principal activities
The principal activities of the Group during the year were the provision of Fire & Security and Water Treatment services.

Business review and future developments
This is dealt with in the Strategic report on pages 4 to 29.

Directors
The following Directors have held office during the year:

Derek O'Neill	(Chairman)
Alex Dacre	(Chief Executive)
Nigel Jackson	(Director)
Charles Skinner	(Non-Executive Director)
Peter Gaze	(Non-Executive Director)

Directors' remuneration, long-term executive plans, pension contributions and benefits are set out in the Directors' remuneration report on pages 36 to 37.

The Company maintains liability insurance for its Directors and Officers.

Share capital
Full details of the authorised and issued share capital of the Company are set out in note to the financial statements.

Substantial shareholdings

At 31 March 2017 the Company had been notified of the following interest amounting to 3% or more of the Company's issued share capital:

	Number of 50p ordinary shares	Percentage of issued share capital
Lord Ashcroft	11,877,361	38.42%
Alex Dacre	3,503,334	11.33%
Nigel Jackson	3,500,000	11.32%
BlackRock Investment Management (UK)	1,110,699	3.59%
Hargreave Hale	974,133	3.15%
Milton Asset Management Limited	938,000	3.03%

Employees

The Group's people are its most important asset. Our policy is to employ the best people irrespective of race, gender, nationality, disability or sexual orientation. Consultation with employees or their representatives occurs at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort is made to retain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Environmental policy

Maintaining and improving the quality of the environment in which we live is an important concern for the Group, our staff, customers, suppliers, sub-contractors and communities. We have adopted high standards of environmental practices and aim to minimise our impact on the environment wherever this is practical. In particular, we comply with, and endeavour to exceed the requirements of all laws and regulations relating to the environment.

Health and safety

The Group recognises the importance of maintaining high standards of health and safety for everyone working within our business and also for anyone who may be affected by our business. Health and safety is a particular concern to our customers. Consequently, both of our operating segments have appointed Health and Safety Officers. The Group's operations report to the Board on a monthly basis includes a section on all health and safety matters.

Financial risk management

Information in respect of the financial risk management objectives and policies of the Group, is contained in note 3.

Political and charitable donations

Donations of £10,000 were made by the Group for charitable purposes during the year (2016: £Nil). The Group does not make political donations.

Statement as to disclosure of information to auditors

The Directors in office on 28 June 2017 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Annual general meeting

The notice of the Annual General Meeting to be held on 19 September 2017 is enclosed with this Annual Report.

Post balance sheet events

Details of post balance sheet events are given in note 32 of the financial statements.

Derek O'Neill
Chairman
28 June 2017

Corporate governance statement

for the year ended 31 March 2017

The policy of the Board is to manage the affairs of the Company having regard to guidance issued by the Quoted Company Alliance.

The Directors support the principles underlying these requirements insofar as is appropriate for a group of the size of Marlowe plc.

The Board of Directors

The Group is led and controlled by the Board comprising three Executive Directors and two Non-Executive Directors.

Board meetings are held on a regular basis and no significant decision is made other than by the Directors.

All Directors participate in the key areas of decision-making, including the appointment of new directors. There is no separate Nomination Committee due to the current size of the Board. The Board receives timely information on all material aspects of the Group to enable it to discharge its duties.

Directors' remuneration

The Company has an established Remuneration Committee.

Details of the remuneration of each Director are set out in the Remuneration report on pages 36 to 37.

	Number of Board meetings attended during the year ended 31 March 2017 Total: 8	Number of Audit Committee meetings attended during the year ended 31 March 2017 Total: 3	Number of Remuneration Committee meetings attended during the year ended 31 March 2017 Total: 1
Executive Directors			
Alex Dacre	8	2	-
Derek O'Neill	8	3	1
Nigel Jackson	8	-	-
Non-Executive Directors			
Charles Skinner	8	3	1
Peter Gaze	8	3	1

The Executive Directors are not members of the Audit Committee or Remuneration Committee but may attend the meetings as a guest of the Chair of the committee.

Accountability and audit
The Company has established an Audit Committee comprising the Chairman and Non-Executive Directors who are responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor.

Relations with shareholders
The Chief Executive and the Chairman are the Company's principal contact for investors, fund managers, the press and other interested parties. At the Annual General Meeting, investors are given the opportunity to question the entire Board.

Internal control
The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material mis-statement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The key procedures that have been established and which are designed to provide effective control are as follows:

Management structure – the Board meets regularly to discuss all issues affecting the Group.

Investment appraisal – the Group has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment.

The Board considers that, in light of the control environment described above, there is no current requirement for a separate internal audit function. The Board will continue to review the need to put in place an internal audit function.

Going concern
As more fully explained in note 2, having made appropriate enquiries and having examined the major areas which could affect the Group's financial position, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future.

Directors' remuneration report

for the year ended 31 March 2017

Charles Skinner
Chairman of the Remuneration Committee

Remuneration Committee

The Company has an established remuneration committee consisting of the Chairman and the Non-Executive Directors. The Chairman and Non-Executive Directors are responsible for the consideration and approval of the terms of service, remuneration, bonuses, share-based incentives and other benefits of the Executive Directors. All decisions made are after giving due consideration to the size and nature of the business and the importance of retaining and motivating management. The committee meets at least once a year and at other times as appropriate.

Directors' Contracts and Letters of Appointment

The Company's policy on Executive Directors' service contracts is that, in line with the best practice provisions of the UK Corporate Governance code, they are to be terminable by the Company on 6 months notice.

	Date of Contract	Notice Period
Executive Directors		
Alex Dacre	29 February 2016	6 months
Derek O'Neill	29 February 2016	6 months
Nigel Jackson	1 April 2016	6 months

The Non-Executive Directors do not have service contracts but have letters of appointment.

	Date of letter	Notice Period
Non-Executive Directors		
Charles Skinner	29 February 2016	1 month
Peter Gaze	29 February 2016	1 month

Directors' Emoluments

The aggregate emoluments of the Directors of the Company were:

	Salary & Fees		Benefits		Pension costs		Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Executive Directors								
Alex Dacre	100	-	-	-	-	-	100	-
Derek O'Neill	30	-	1	-	-	-	31	-
Nigel Jackson	84	-	16	-	26	-	126	-
Non-Executive Directors								
Charles Skinner	-	-	-	-	-	-	-	-
Peter Gaze	35	-	-	-	-	-	35	-
Total	249	-	17	-	26	-	292	-

The £30,000 (2016: £Nil) paid regarding Derek O'Neill is paid directly to Signature Quality Refurbished Homes Limited for the provision of his services as Chairman.

The £35,000 (2016: £Nil) paid regarding Peter Gaze is paid directly to Anne Street Partners Limited for the provision of his services as a Non-Executive Director.

Directors' Interest in Shares

The beneficial interests of the Directors who were in office at 31 March 2017 in the shares of the Company (including family interests) were as follows:

	Number of ordinary shares of 50p each 31 March 2017	Number of ordinary shares of 50p each 31 March 2016
Alex Dacre	3,503,334	3,333,333
Derek O'Neill	828,432	416,667
Nigel Jackson	3,500,000	-
Charles Skinner	467,156	333,333
Peter Gaze	600,925	218,625

Marlowe Executive Incentive Plan

The Company has an Executive Investment Plan (EIP), details which are given in note 27. The Directors' interest in the EIP are as follows:

	Number of performance units 31 March 2017	Number of performance units 31 March 2016
Alex Dacre	5,460	-
Derek O'Neill	1,820	-
Nigel Jackson	900	-
Charles Skinner	1,183	-

By order of the Board

Charles Skinner
Chairman of the Remuneration Committee

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report and the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and have elected under company law to prepare the Company financial statements also in accordance with IFRS.

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group and Company financial statements, state whether they have been prepared in accordance with IFRS adopted by
- the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the

Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Marlowe plc website (www.marloweplc.com).

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' report

to the Members of Marlowe Plc

We have audited the financial statements of Marlowe plc for the year ended 31 March 2017 which comprise the consolidated and parent company statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated and parent company statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 38, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Marc Summers, FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

28 June 2017

Consolidated statement of comprehensive income

For the year ended 31 March 2017

		Year ended 31 March 2017			Period ended 31 March 2016		
	Notes	Adjusted results £'m	Acquisition & other costs £'m	Unadjusted results £'m	Adjusted results £'m	Acquisition & other costs £'m	Unadjusted results £'m
Revenue	4	**46.8**	**-**	**46.8**	-	-	-
Cost of sales		(30.2)	-	(30.2)	-	-	-
Gross profit		16.6	-	16.6	-	-	-
Administrative expenses excluding acquisition and other costs	6	(13.1)	-	(13.1)	-	-	-
Acquisition costs		-	(0.6)	(0.6)	-	-	-
Restructuring costs	5	-	(1.1)	(1.1)	-	(0.1)	(0.1)
Amortisation of acquisition intangibles	12	-	(0.6)	(0.6)	-	-	-
Gain on merger of Marlowe Holdings Limited	30	-	-	-	-	7.6	7.6
Impairment of Marlowe Holdings Limited	30	-	-	-	-	(7.6)	(7.6)
Share-based payments	27	-	(0.3)	(0.3)	-	-	-
Operating profit	6	**3.5**	**(2.6)**	**0.9**	-	(0.1)	(0.1)
Finance costs	7	(0.2)	-	(0.2)	-	-	-
Profit before tax		**3.3**	**(2.6)**	**0.7**	-	(0.1)	(0.1)
Income tax credit/(charge)	8			(0.4)			-
Profit for the year				**0.3**			(0.1)
Other comprehensive income				**-**			-
Profit and total comprehensive income for the year from continuing operations				**0.3**			(0.1)
Attributable to owners of the parent				**0.3**			(0.1)
Earnings per share attributable to owners of the parent (pence)	9						
Total							
Basic				1.1p			(0.9p)
Diluted				1.1p			(0.9p)
Continuing operations							
Basic				1.1p			(0.9p)
Diluted				1.1p			(0.9p)

Consolidated statement of changes in equity

For the year ended 31 March 2017

	Attributable to owners of the parent					
	Share capital £'m	Merger relief reserve £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 14 January 2016	-	-	-	-	-	-
Loss for the period	-	-	-	-	(0.1)	(0.1)
Total comprehensive income for the year	-	-	-	-	(0.1)	(0.1)
Transactions with owners						
Issue of shares during the year	7.3	0.3	-	-	-	7.6
Liquidation of Marlowe Holdings Limited	-	(0.3)	-	-	0.3	-
	7.3	-	-	-	0.3	7.6
Balance at 31 March 2016	7.3	-	-	-	0.2	7.5
Balance at 1 April 2016	7.3	-	-	-	0.2	7.5
Profit for the year	-	-	-	-	0.3	0.3
Total comprehensive income for the year	-	-	-	-	0.3	0.3
Transactions with owners						
Issue of shares during the year	8.2	-	19.2	-	-	27.4
Issue costs	-	-	(0.5)	-	-	(0.5)
Share-based payments charge	-	-	-	0.3	-	0.3
	8.2	**-**	**18.7**	**0.3**	**-**	**27.2**
Balance at 31 March 2017	**15.5**	**-**	**18.7**	**0.3**	**0.5**	**35.0**

Consolidated statement of financial position

As at 31 March 2017

Company registered no. 05169780

	Note	2017 £'m	2016 £'m
ASSETS			
Non-current assets			
Intangible assets	12	26.6	-
Property, plant and equipment	13	2.6	-
Deferred tax asset	20	0.2	-
		29.4	-
Current assets			
Inventories	14	1.8	-
Trade and other receivables	15	16.5	-
Cash and cash equivalents	19	7.8	10.6
		26.1	10.6
Total assets		**55.5**	10.6
LIABILITIES			
Current liabilities			
Trade and other payables	16	(13.1)	(0.1)
Financial liabilities – borrowings	17	(1.1)	-
Other financial liabilities	18	(1.1)	-
Current tax liabilities		(0.2)	-
Provisions		(0.1)	-
Subscription received in advance		-	(3.0)
		(15.6)	(3.1)
Non-current liabilities			
Financial liabilities – borrowings	17	(3.7)	-
Deferred tax liability	20	(1.0)	-
Other financial liabilities	18	(0.2)	-
		(4.9)	-
Total liabilities		**(20.5)**	(3.1)
Net assets		**35.0**	7.5
EQUITY			
Share capital	21	15.5	7.3
Share premium account	22	18.7	-
Other reserves	23	0.3	-
Retained earnings	24	0.5	0.2
Equity attributable to the owners of the parent		**35.0**	7.5

These financial statements were approved by the Board of Directors and authorised for issue on 28 June 2017 and were signed on its behalf by:

Derek O'Neill
Chairman

Alex Dacre
Chief Executive

Consolidated statement of cash flows

For the year ended 31 March 2017

	Note	Year ended 31 March 2017 £'m	Period ended 31 March 2016 £'m
Net cash generated from operations	25	**2.1**	-
Net finance costs		(0.2)	-
Income taxes paid		(0.5)	-
Net cash generated from operating activities		**1.4**	-
Cash flows from investing activities			
Purchase of property, plant and equipment		(0.4)	-
Disposal of property, plant and equipment		0.1	-
Cash received on acquisition of Marlowe Holdings Limited	30	-	10.6
Purchase of subsidiary undertakings, net of cash acquired	11	(23.3)	-
Cash flows used in investing activities		**(23.6)**	10.6
Cash flows from financing activities			
Proceeds from share issues		20.0	-
Repayment of bank borrowings		(6.7)	-
New bank loans raised		6.5	-
Cost of share issues		(0.5)	-
Finance lease repayments		(0.2)	-
Other financing activities		0.3	-
Net cash generated from financing activities		**19.4**	-
Net (decrease)/increase in cash and cash equivalents		**(2.8)**	10.6
Cash and cash equivalents at start of year		**10.6**	-
Cash and cash equivalents at end of year	19	**7.8**	10.6
Cash and cash equivalents shown above comprise:			
Cash at bank		7.8	10.6

Notes to the Group financial statements

For the year ended 31 March 2017

1. GENERAL INFORMATION

Marlowe plc (the "Company") and its subsidiaries (together referred to as the "Group") specifically focus on critical asset maintenance services. The Group primarily operates in the UK. The Company is a public limited company incorporated on 14 January 2016 and domiciled in the United Kingdom. The address of its registered office is 20 Grosvenor Place, London, SW1X 7JN.

On 30 March 2016, in accordance with the provision of Part VII of the Business Companies Act 1990 of Belize (the "IBCA") Marlowe Holdings Limited merged with Marlowe plc so that Marlowe plc became the surviving company resulting from the merger and all rights and obligations as Marlowe Holdings Limited vested with the company.

The Company is listed on the AIM market.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 28 June 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of Marlowe plc have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a historical cost basis although derivatives are reflected at their fair value. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed later in this note.

The consolidated financial statements are presented in pounds sterling and, unless stated otherwise, shown in pounds million to one decimal place.

Prior period numbers are for the period 14 January to 31 March 2016.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance, financial position, its cash flows, liquidity position, principal risks and uncertainties affecting the business are set out in the Strategic report on pages 4 to 29.

The Group meets its day-to-day working capital requirements through its financing facilities which are due to expire in April 2020. Details of the Group's borrowing facilities are given in note 19 of the financial statements.

The Group's budgets for 2018 and forecasts for 2019, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The Consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Notes to the Group financial statements continued

2. SIGNIFICANT ACCOUNTING POLICIES - Basis of consolidation continued

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Contingent consideration

Contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income unless the contingent consideration is classified as equity. In such circumstances, changes are recognised within equity.

Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

In the opinion of the Directors, the chief operating decision maker is the Board of Marlowe plc and there are two segments, Fire and Security; and Water Treatment, whose reports are reviewed by the Board in order to allocate resources and assess performance. Segment revenue comprises sales to external customers most of whom are located in the UK. Services are provided primarily from the UK.

Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT, returns, rebates and after eliminating intra-group sales.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group’s activities as described below.

Sale of goods and services – Fire & Security

Revenue arises from the sale of goods and rendering of services. It is measured at the fair value of the consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed. Revenue from the sale of electronic fire safety and security systems equipment together with installations is recognised when the significant rewards and risks of ownership have been transferred to the buyer, generally when the goods have been delivered to the customer. Revenue from service and monitoring is recognised on a straight-line basis over the future period of a contract as this represents the best estimate of the stage of completion. Income invoiced for future periods is deferred and included in current liabilities. Income for call out charges where such items do not form part of ongoing contracts are recognised when work is completed.

When a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total expected consideration at completion. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Notes to the Group financial statements continued

2. SIGNIFICANT ACCOUNTING POLICIES - Revenue recognition continued

Sale of goods and services – Water Treatment

Revenue arises from the sale of goods and rendering of services. It is measured at the fair value of the consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed. Revenue from the sale of water hygiene and water treatment together with installations is recognised when the significant rewards and risks of ownership have been transferred to the buyer, generally when the goods have been delivered to the customer. Revenue from service and monitoring is recognised on a straight-line basis over the future period of a contract as this represents the best estimate of the stage of completion. Income invoiced for future periods is deferred and included in current liabilities. Income for call out charges where such items do not form part of ongoing contracts are recognised when work is completed.

When a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total expected consideration at completion. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Acquisition and other costs

Acquisition and other costs are those significant costs which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to acquisition costs are principally costs incurred upon acquisition of a company, such as legal fees and stamp duty. Restructuring costs predominately relate to redundancy, integration and other restructuring costs incurred following acquisition.

Profit measures

Due to the one-off nature of acquisition and other costs items and the non-cash element of certain charges, the Directors believe that an adjusted measure of operating profit, EBITDA, profit before tax and earnings per share provide shareholders with a more appropriate representation of the underlying earnings of the Group. The items adjusted for in arriving at these are share-based payments charge, acquisition costs, restructuring costs, amortisation of intangible assets and a standard tax charge.

Intangible assets

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Other intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and their fair value can be reliably measured.

Notes to the Group financial statements continued

2. SIGNIFICANT ACCOUNTING POLICIES - Other intangible assets continued

Customer relationships

Acquired customer relationships are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. This valuation also assesses the life of the particular relationship. The life of the relationship is assessed annually and is determined on a company by company basis. All customer relationships are being written off on a straight-line basis between four and ten years. The customer lists are considered annually to ensure that this classification is still appropriate.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on the following basis:

	Basis
Freehold and long leasehold buildings	2% per annum
Short leasehold land and buildings	Over the life of the lease
Leasehold improvements	Shorter of life of the lease or 10 years
IT Hardware	33% per annum
Plant and machinery	20% per annum
Office equipment, fixtures and fittings	20% per annum
Motor vehicles	25% reducing balance

Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Where property lease contracts contain guaranteed minimum incremental rental payments, the total committed cost is determined and is amortised on a straight-line basis over the life of the lease. Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. Finance leases are classified as a financial liability and measured at amortised cost. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments and depreciated over the period of the lease. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Investments

The Company has investments in eight subsidiaries. Investments are valued at cost less allowances for impairment. An impairment test is performed annually on the carrying value of the investment. An impairment loss is recognised for the amount by which the asset’s carrying value exceeds its recoverable amount, when there is objective evidence for impairment including significant or prolonged decline in fair value below cost.

Investments which are held for the long term and over which management do not exercise significant control are carried at cost. An impairment review is carried out annually.

Notes to the Group financial statements continued

2. SIGNIFICANT ACCOUNTING POLICIES continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which inventories can be sold in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective inventories.

Trade and other receivables

Trade receivables, classified as loans and receivables in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', are recorded initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the assets' carrying amount and the present value of future cash flows discounted at the effective interest rate. The movement in the provision is recognised in profit or loss.

Any other receivables are recognised at their initial fair value less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

Cash and cash equivalents

Cash and cash equivalents as defined for the Consolidated statement of cash flows comprise cash in hand, cash held at bank with immediate access, other short-term investments and bank deposits with maturities of three months or less from the date of inception.

Trade payables

Trade payables, classified as other liabilities in accordance with IAS 39, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other payables are stated at amortised cost.

Borrowings

Borrowings are classified as other liabilities in accordance with IAS 39 and are recorded at the fair value of the consideration received, net of direct transaction costs. Finance charges, including bank interest and non-utilisation fees, are accounted for in profit or loss over the term of the instrument using the effective interest rate method.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profits nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based upon tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also dealt with in other comprehensive income and equity.

2. SIGNIFICANT ACCOUNTING POLICIES continued

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

Equity instruments

Equity instruments issued by the Company are recorded at fair value net of transaction costs.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payment.

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of a Monte Carlo pricing model. Where director and employees' contracts are terminated the options are treated as having been forfeited and accordingly previous charges are credited back to profit or loss if the option has not yet vested or retained earnings if the option has vested.

Further details of the Group's Incentive Scheme are documented in Note 27.

Pensions

The Group operates a number of defined contribution pension schemes. Contributions are charged to profit or loss as incurred.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument.

Critical accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements.

Acquisitions

The Group has made significant acquisitions in the year, being the acquisition of Fire & Security (Group) Limited ("Swift"), WCS Environmental Group Limited ("WCS"), Fire Alarm Fabrication Services Limited ("FAFS"), H2O Chemicals Limited ("H2O"), Hentland Limited ("Hentland"), Titan Fire and Security Limited ("Titan"), B.B.C. Fire Protection Limited ("BBC"), and Alpha Peerless Fire Systems Limited ("Alpha"). The assessment of the fair values of the assets and liabilities at acquisition is inherently judgmental and where these are still being assessed until further information is received, the amounts included in these financial statements are included as provisional. The key assumption has been made in respect of the valuation of customer relationships.

Valuation of separable intangibles on acquisition

When valuing the intangibles acquired in a business combination, management estimate the expected future cash flows from the asset and select a suitable discount rate in order to calculate the present value of those cash flows. Separable intangibles valued on acquisitions made in the year were £5.5m (2016: £Nil) as detailed further in note 12.

Notes to the Group financial statements continued

2. SIGNIFICANT ACCOUNTING POLICIES - Critical Accounting Estimates and Judgements continued

Impairment of trade receivables

Management regularly review trade receivables that are past due for signs of impairment taking into account credit ratings, recent history of default and the number of days past due date. Following this assessment, a £1.4m (2016: £Nil) provision for impairment of trade receivables has been made. Refer to note 15 for further information.

Restructuring items

Included within administrative expenses, and as disclosed in note 5, are restructuring and reorganisation and the related duplication of costs. The period taken to complete restructuring varies for each acquisition and management judgement is applied in determining the level of duplication of costs incurred, particularly in relation to personnel costs where it can take some time for the optimal levels of staffing to be achieved.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 12.

Provisions

Included within provisions is a provision for warranty claims on installed equipment.

Adoption of new and revised standards

New standards, amendments and interpretations issued and effective during the financial year commencing 1 April 2016

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of property, plant or equipment is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB also clarified that amortisation methods based on revenue are presumed to be an inappropriate for an intangible asset as revenue typically reflects factors that are not directly linked to the consumption of the economic benefits embodied in the intangible asset. This presumption can be rebutted in certain limited circumstances.

The amendment to IAS 38 also refers to the contract that sets out the entity's rights over its use of an intangible asset as a starting point for the identification of the appropriate basis of amortisation, for example if the entity's use of the intangible asset is over time or as a number of units are produced.

Both amendments clarify that expected future reductions in the selling price of an item produced using an asset could indicate expected technical or commercial obsolescence of that asset, which in turn might reflect a reduction of the future economic benefits embodied in the asset.

2. SIGNIFICANT ACCOUNTING POLICIES - Adoption of New and Revised Standards continued

Annual Improvements to IFRSs 2012-2014 Cycle

In September 2014, the IASB published 'Annual Improvements to IFRSs – 2012-2014 Cycle' as part of its annual improvements project. A summary of the amendments relevant to the Group is set out below:

IAS 19 Employee Benefits

The amendment clarifies that, for currencies in which there is no deep market in high quality corporate bonds, the market yields on government bonds denominated in that currency shall be used.

IAS 34 Interim Financial Reporting

Where disclosures required in the interim financial statements are cross referenced to some other statement (such as management commentary or a risk report), that other statement should be made available to the users of the financial statements at the same time and on the same terms as the interim financial statements. If access is not provided at the same time and on the same terms, the interim financial statements are incomplete.

Amendments to IAS 1: Disclosure initiative

The amendments are in response to views that guidance on materiality in IFRS was not clear and that this led to difficulties in applying the concept of materiality in practice. As a consequence, financial statements contained too much irrelevant information and not enough relevant information. Various amendments were made to clarify that the concept of materiality.

*IFRS 14 Regulatory Deferral Accounts**

The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. It is relevant to first time IFRS adopters who provide goods or services that are subject to rate regulation.

*Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments introduce illustrative examples together with new explanatory paragraphs.

*Amendments to IAS 7: Disclosure initiative**

The amendment requires the changes in liabilities arising from financing activities to be disclosed

IFRS 15 Revenue from Contracts with Customers

The core principle of the new standard is for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

*Clarifications to IFRS 15 Revenue from Contracts with Customers**

The amendments target areas of IFRS 15 as well as some transition relief.

*IFRS 9 Financial Instruments**

The Amendments include a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially- reformed approach to hedge accounting.

*Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions**

The amendments made eliminate diversity in practice in three main areas vesting conditions when measuring cash-settled share-based payment transactions, classification of share-based payment transactions with net settlement features for withholding tax obligations, change of classification from cash-settled to equity-settled.

*IFRS 16 Leases**

The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease.

The Directors are still considering the impact that the adoption of these Standards and Interpretations will have in future periods.

* Not yet endorsed by the EU

Notes to the Group financial statements continued

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out centrally under policies approved by the Board of Directors. The Group evaluates and hedges financial risks. The Board provides written principles for overall risk management.

Market risk

Foreign exchange risk

The Group operates primarily in the UK and has limited exposure to foreign exchange risk.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2016 and 2017 the Group's borrowings at variable rates were denominated in pounds sterling. The Group analyses its interest rate exposure using financial modelling on a periodic basis. Based on the various scenarios, the Group does not currently consider any hedging appropriate.

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new customers before standard payment, delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions. The maximum exposure is the carrying amount as disclosed in note 19.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as also shown in note 19.

Liquidity risk

The Group monitors its risk to a shortage of funds using a forecasting model. This model considers the maturity of both its financial assets and financial liabilities and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance in order to ensure that there is sufficient cash or working capital facilities to meet the requirements of the Group for its current business plan. A detailed analysis of the Group's debt facilities is given in note 19.

Capital risk

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis. The Group considers its capital to include share capital, share premium, other reserves, retained earnings and net cash as noted below. Net cash includes short and long-term borrowings (including overdrafts) net of cash and cash equivalents.

Notes to the Group financial statements continued

3. FINANCIAL RISK MANAGEMENT - Credit risk continued

No changes were made in the objectives, policies or processes during the year ending 31 March 2017 and period ending 31 March 2016.

The Group's strategy is to strengthen its capital base in order to sustain the future development of the business.

	2017 £'m	2016 £'m
Cash at bank	7.8	10.6
Bank loans due within one year	(1.1)	-
Bank loans due after one year	(3.7)	-
Net cash	3.0	10.6

Under the bank facility the Group is required to meet quarterly covenant tests in respect of cashflow cover, interest covered leverage. All tests were met during the year and the Directors expect to continue to meet these tests.

Fair value estimation

The fair value of financial instruments is market value.

4. SEGMENTAL ANALYSIS

The Group is organised into two main operating segments, Fire & Security and Water Treatment. Services per segment operate as described in the Strategic report. The main segmental profit measure is adjusted operating profit and is shown before acquisition and restructuring costs, share-based charge and amortisation of intangible assets. The vast majority of trading of the Group is undertaken within the United Kingdom. Segment assets include intangibles, property, plant and equipment, inventories, receivables and operating cash. Central assets include deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include deferred tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to computer software, property, plant and equipment and includes additions resulting from acquisitions through business combinations. Segment assets and liabilities are allocated between segments on an actual basis.

Notes to the Group financial statements continued

4. SEGMENTAL ANALYSIS continued

Revenue

The revenue from external customers was derived from the Group's principal activities primarily in the UK (where the Company is domiciled) as follows:

Continuing operations	Fire & security £'m	Water treatment £'m	Head office £'m	2017 Total £'m
Revenue	37.8	9.0	-	46.8
Segment adjusted operating profit/(loss)	3.4	0.8	(0.7)	3.5
Acquisition costs				(0.6)
Restructuring costs				(1.1)
Amortisation of intangible assets				(0.6)
Share-based payments charge				(0.3)
Operating profit				0.9
Finance costs				(0.2)
Profit before tax				0.7
Tax charge				(0.4)
Profit after tax				0.3
Segment assets	18.7	2.3	34.5	55.5
Segment liabilities	8.6	1.8	10.1	20.5
Capital expenditure	0.3	0.1	-	0.4
Depreciation and amortisation	0.4	0.1	0.6	1.1

Continuing operations	Fire & security £'m	Water treatment £'m	Head office £'m	2016 Total £'m
Revenue	-	-	-	-
Segment adjusted operating profit/(loss)	-	-	-	-
Acquisition costs				-
Restructuring costs				(0.1)
Share-based payments charge				-
Amortisation of intangible assets				-
Operating profit				(0.1)
Finance costs				-
Loss before tax				(0.1)
Tax charge				-
Loss after tax				(0.1)
Segment assets	-	-	10.6	10.6
Segment liabilities	-	-	(3.1)	(3.2)
Capital expenditure	-	-	-	-
Depreciation and amortisation	-	-	-	-

Major customers

For the year ended 31 March 2017 no customers individually accounted for more than 10% of the Group's total revenue.

Notes to the Group financial statements continued

5. RESTRUCTURING COSTS

Restructuring and redundancy costs have increased to £1.1m in 2017. This was mainly due to the following:

- Development and implementation of new IT software across the group
- The cost of duplicated staff roles during the integration and restructuring period
- The cost of implementing the post completion staff structures
- IT costs associated with the wind down of duplicated IT systems and the transfer across to the destination systems
- Property costs associated with sites which are identified at the point of acquisition as being superfluous to ongoing requirements and where a credible exit strategy is clear to management.

Transaction costs include stamp duty costs and transitional service arrangement fees, in addition to the cost of legal and professional fees incurred as part of the acquisitions.

6. OPERATING PROFIT

	2017 £'m	2016 £'m
The following items have been included in arriving at operating profit:		
Amortisation of intangible assets	0.6	-
Depreciation of property, plant and equipment	0.5	-
Loss on disposal of property, plant and equipment (note 5)	-	-
Share-based payments charge	0.3	-
Operating leases – plant and machinery	0.2	-
Operating leases – land and buildings	0.3	-
Auditors' remuneration*:		-
– Parent and consolidated financial statements	-	-
– Audit of Company's subsidiaries pursuant to legislation	0.1	-
– Review of half yearly financial report	-	-

* Audit fees of £30k in respect of the parent and consolidated financial statements and £110k in respect of the audit of the Company's subsidiaries were incurred during the year. £13k was incurred by the Group in respect of the review of the half yearly financial reports.

7. FINANCE COSTS

	2017 £'m	2016 £'m
Interest on bank loans and overdrafts	0.2	-
Total	0.2	-

Notes to the Group financial statements continued

8. TAXATION

	2017 £'m	2016 £'m
Current tax:		
UK corporation tax on profit for the year	0.2	-
Adjustment in respect of previous periods	-	-
Total current tax	0.2	-
Deferred tax: (note 20)		
Current year	0.2	-
Adjustment in respect of previous periods	-	-
Total deferred tax	0.2	-
Total tax charge	0.4	-

The charge for the year can be reconciled to the profit in the Consolidated statement of comprehensive income as follows:

	2017 £'m	2016 £'m
Profit/(loss) before tax	0.7	(0.1)
Profit before tax multiplied by the rate of corporation tax of 20.0%	0.2	-
Effects of:	-	-
Expenses not deductible for tax purposes	0.2	-
Tax charge	0.4	-

Notes to the Group financial statements continued

9. EARNINGS PER ORDINARY SHARE

Basic earnings per share have been calculated on the profit for the year after taxation and the weighted average number of ordinary shares in issue during the year.

	2017	2016
Weighted average number of shares in issue	25,508,993	14,584,999
Total profit/(loss) for the year	£0.3m	(£0.1m)
Total basic earnings per ordinary share (pence)	1.1p	(0.9p)
Weighted average number of shares in issue	25,508,993	14,584,999
Share issue contingent on acquisition of Fire & Security (Group) Limited	-	3,000,000
Executive incentive plan	98,992	-
Weighted average fully diluted number of shares in issue	25,607,985	17,584,999
Total fully diluted earnings per share (pence)	1.1p	(0.9p)

Adjusted earnings per share

The Directors believe that the adjusted earnings per share provide a more appropriate representation of the underlying earnings derived from the Group's business. The adjusting items are shown in the table below:

	2017 £'m	2016 £'m
Profit/(loss) before tax	0.7	(0.1)
Adjustments:		
Acquisition costs	0.6	-
Restructuring costs	1.1	0.1
Amortisation of intangible assets	0.6	-
Share-based payments charge	0.3	-
Adjusted continuing profit for the year	3.3	-

The adjusted earnings per share, based on the weighted average number of shares in issue during the year is calculated below:

	2017	2016
Adjusted profit before tax (£'m)	3.3	-
Tax at 20% (£'m)	(0.7)	-
Adjusted profit after tax (£'m)	2.6	-
Adjusted basic earnings per share (pence)	10.4	-
Adjusted fully diluted earnings per share (pence)	10.3	-

10. DIVIDENDS

The Company has not declared any dividends in respect of the current year or prior period.

Notes to the Group financial statements continued

11. BUSINESS COMBINATIONS

If the following acquisitions had been completed on the first day of the financial year, Group revenue would have been £65m and Group profit before tax would have been £1.0m. As explained in Note 5, following acquisitions a number of restructuring costs are incurred, and after this post acquisition restructuring the acquisitions have a positive impact on Group profit before tax.

The factors which make up goodwill are disclosed in note 12.

Acquisition of Fire and Security (Group) Limited

On 1 April 2016 the Group acquired Fire and Security (Group) Limited ("Swift"), a fire protection and security solutions business, for a total consideration of £13.0m, satisfied by the payment of £8.5m in cash on completion, £1.0m in cash on 31 May 2016 and £3.5m satisfied by the issuance of 3.5m ordinary shares in the Company. The shares are subject to a lock-in arrangement where one third of the shares will be released on the first anniversary of the acquisition and a further third on the second and third anniversaries of the acquisition respectively.

Further assesments have been made during the year as more information has become available and the fair values of the acquisition have been finalised. The main changes are valuation of customer relationships, decreasing the value by £0.5m and the recognition of £1.2m loans payable on the balance sheet, which was settled immediately post acquisition. Other changes have been made to the value of acquired assets and liabilities resulting in an increase in goodwill of £1.9m.

The final fair values are as follows:

	Fair value at acquisition £'m
Trade and other receivables	6.3
Intangible assets – customer relationships	2.6
Cash	0.5
Property, plant and equipment	0.6
Inventories	0.6
Intangible assets – order backlog	0.1
Trade and other payables	(6.3)
Loans payable	(1.2)
Tax liabilities	(0.2)
Deferred tax liabilities	(0.4)
Net assets acquired	**2.6**
Goodwill	**10.4**
Consideration	**13.0**
Satisfied by:	
Cash to vendors	**9.5**
Ordinary Shares in Marlowe plc to vendors	**3.5**

One hundred percent of the equity of Swift was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £127k have been charged to profit or loss.

Notes to the Group financial statements continued

11. BUSINESS COMBINATIONS continued

Acquisition of WCS Environmental Group Limited

On 15 April 2016 the Group acquired WCS Environmental Group Limited ("WCS"), a provider of integrated water treatment, hygiene, testing and engineering services, for a total consideration of £1.9m, satisfied by the payment of £1.6m in cash and £0.3m satisfied by the issuance of 209,734 ordinary shares of the Company. The shares issued are subject to a lock-in period of between 24 and 36 months. Further assessments have been made during the year as more information has become available and the fair values of the acquisition have been finalised. The main changes are to the valuation of customer relationships, decreasing the value by £0.2m. Other changes have been made to the value of acquired assets and liabilities resulting in an increase of goodwill by £0.4m.

The final fair values are as follows:

	Fair value at acquisition £'m
Trade and other receivables	1.1
Intangible assets – customer relationships	0.5
Property, plant and equipment	0.2
Cash	0.1
Trade and other payables	(0.6)
Loans payable	(0.6)
Deferred tax liabilities	(0.1)
Net assets acquired	**0.6**
Goodwill	**1.3**
Consideration	**1.9**
Satisfied by:	
Cash to vendors	**1.6**
Ordinary Shares in Marlowe plc to vendors	**0.3**

One hundred percent of the equity of WCS was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £35k have been charged to profit or loss.

Notes to the Group financial statements continued

11. BUSINESS COMBINATIONS continued

Acquisition of Fire Alarm Fabrication Services Limited

On 12 May 2016 the Group acquired Fire Alarm Fabrication Services Limited ("FAFS"), a provider of fire protection services, for a total consideration of £2.5m, satisfied by the payment of £2.4m in cash on completion and £0.1m in cash payable subject to the achievement of certain performance targets by the acquired business in the period ending 11 May 2017 (discounted value £95k). The business met its targets and £0.1m deferred consideration was paid in May 2017.

The final fair values are as follows:

	Fair value at acquisition £'m
Trade and other receivables	0.8
Cash	0.7
Property – sale and leaseback receivable	0.5
Intangible assets – customer relationships	0.1
Property, plant and equipment	0.2
Trade and other payables	(0.3)
Tax liabilities	(0.2)
Net assets acquired	**1.8**
Goodwill	**0.7**
Consideration	**2.5**
Satisfied by:	
Cash to vendors	**2.4**
Deferred cash consideration to vendors	**0.1**

One hundred percent of the equity of FAFS was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £74k have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year FAFS would have generated £4.6m revenue and £0.7m profit before tax.

11. BUSINESS COMBINATIONS continued

Acquisition of H2O Chemicals Limited

On 8 September 2016 the Group acquired H2O Chemicals Limited ("H2O"), a water treatment and hygiene specialist, for a total consideration of £2.5m, satisfied by the payment of £2.1m in cash and £0.4m satisfied by the issuance of 211,765 ordinary shares of the Company. The shares are subject to a lock-in period of 24 months. Since the acquisition date is less than 12 months prior to the Group's accounts being signed off, the acquisition balance sheet is still subject to finalisation.

The provisional fair values are as follows:

	Fair value at acquisition £'m
Trade and other receivables	1.3
Property – sale and leaseback receivable	0.6
Intangible assets – customer relationships	0.8
Loans receivable	0.2
Loans payable	(1.2)
Trade and other payables	(0.9)
Tax liabilities	(0.1)
Deferred tax liabilities	(0.1)
Net assets acquired	**0.6**
Goodwill	**1.9**
Consideration	**2.5**
Satisfied by:	
Cash to vendors	**2.1**
Ordinary Shares in Marlowe plc to vendors	**0.4**

One hundred percent of the equity of H2O was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £91k have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year H2O would have generated £3.9m revenue and £0.2m profit before tax.

Notes to the Group financial statements continued

11. BUSINESS COMBINATIONS continued

Acquisition of Hentland Limited

On 15 October 2016, the Group acquired Hentland Limited, a provider of fire protection and security services, for a total consideration of £4.7m, satisfied by the payment of £4.7m cash on completion. Since the acquisition date is less than 12 months prior to the Group's accounts being signed off, the acquisition balance sheet is still subject to finalisation.

The provisional fair values are as follows:

	Fair value at acquisition £'m
Trade and other receivables	2.7
Intangible assets – customer relationships	0.5
Inventories	0.5
Property, plant and equipment	0.9
Deferred tax asset	0.2
Finance leases	(0.5)
Cash	(0.4)
Loans payable	(2.0)
Trade and other payables	(1.8)
Net assets acquired	**0.1**
Goodwill	**4.6**
Consideration	**4.7**
Satisfied by:	
Cash to vendors	**4.7**

One hundred percent of the equity of Hentland was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £82k have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year Hentland would have generated £11.3m revenue and £0.1m profit after tax.

Notes to the Group financial statements continued

11. BUSINESS COMBINATIONS continued

Acquisition of Titan Fire and Security Limited

On 3 November, the Group acquired Titan Fire and Security Limited ("Titan"), a provider of fire protection services, for a total consideration of £0.8m, satisfied by the payment of £0.5m in cash on completion and two cash payments of £0.15m payable subject to the achievement of certain performance targets by the acquired business in six and twelve months post acquisition. Since the deferred consideration will have to be settled within one year of acquisition if the business meets its targets, the fair value of the consideration is deemed to be its settlement value. The business met its first target and £0.15m was paid in June 2017. It is unclear at this stage whether it will meet the performance target set for 12 months post acquisition. Since the acquisition date is less than 12 months prior to the Group's accounts being signed off, the acquisition balance sheet is still subject to finalisation.

The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	0.2
Inventories	0.1
Net assets acquired	**0.3**
Goodwill	**0.5**
Consideration	**0.8**
Satisfied by:	
Cash to vendors	**0.5**
Deferred cash consideration to vendors	**0.3**

One hundred percent of the equity of Titan was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £56k have been charged to profit or loss.

Notes to the Group financial statements continued

11. BUSINESS COMBINATIONS continued

Acquisition of BBC Fire Protection Limited

On 3 February, the Group acquired BBC Fire Protection Limited ("BBC"), a provider of fire protection services, for a total consideration of £8.3m, satisfied by the payment of £7.8m cash on completion, and two cash payments of £0.25m payable subject to the successful completion of an onerous contract which existed on acquisition. The contract is still ongoing so it remains uncertain how much of the additional consideration will be paid. It is expected the onerous contract will be completed within one year of acquisition. As a result the value of the deferred consideration is deemed to be its settlement value. Since the acquisition date is less than 12 months prior to the Group's accounts being signed off, the acquisition balance sheet is still subject to finalisation.

The provisional fair values are as follows:

	Fair value at acquisition £'m
Trade and other receivables	2.8
Intangible assets – customer relationships	0.4
Property, Plant and Equipment	0.6
Cash	4.4
Inventories	0.4
Finance Leases	(0.1)
Trade and other payables	(2.1)
Deferred tax liabilities	(0.1)
Net assets acquired	**6.3**
Goodwill	**2.0**
Consideration	**8.3**
Satisfied by:	
Cash to vendors	**7.8**
Deferred cash consideration to vendors	**0.5**

One hundred percent of the equity of BBC was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £100k have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year BBC would have generated £9.4m revenue and £0.6m profit before tax.

Notes to the Group financial statements continued

11. BUSINESS COMBINATIONS continued

Acquisition of Alpha Peerless Fire Systems Limited

On 7 February, the Group acquired Alpha Peerless Fire Systems Limited ("Alpha"), a provider of fire protection services, for a total consideration of £0.6m, satisfied by the payment of £0.6m cash on completion. Since the acquisition date is less than 12 months prior to the Group's accounts being signed off, the acquisition balance sheet is still subject to finalisation.

The provisional fair values are as follows:

	Fair value at acquisition £'m
Trade and other receivables	0.3
Intangible assets – customer relationships	0.3
Loan receivable	0.1
Trade and other payables	(0.4)
Net assets acquired	**0.3**
Goodwill	**0.3**
Consideration	**0.6**
Satisfied by:	
Cash to vendors	**0.6**

One hundred percent of the equity of Alpha was acquired in this transaction. Deferred tax has been provided on the value of the intangible assets at the tax rate applicable at the time the asset is expected to be realised. Acquisition costs of £46k have been charged to profit or loss.

If the acquisition had been completed on the first day of the financial year Alpha would have generated £1.0m revenue and £nil profit before tax.

Notes to the Group financial statements continued

12. INTANGIBLE ASSETS

	Goodwill £'m	Customer relationships £'m	Order backlog £'m	Total £'m
Cost				
14 January 2016	-	-	-	-
Arising on acquisition of subsidiaries	-	-	-	-
31 March 2016	-	-	-	-
1 April 2017	-	-	-	-
Arising on acquisition of subsidiaries	21.7	5.4	0.1	27.2
31 March 2017	**21.7**	**5.4**	**0.1**	**27.2**
Accumulated amortisation and impairment				
14 January 2016	-	-	-	-
Charge for the year	-	-	-	-
31 March 2016	-	-	-	-
1 April 2016	-	-	-	-
Charge for the year	-	0.5	0.1	0.6
31 March 2017	**-**	**0.5**	**0.1**	**0.6**
Carrying amount				
31 March 2017	**21.7**	**4.9**	**-**	**26.6**
31 March 2016	-	-	-	-

The customer relationships have a remaining life of 4 – 10 years.

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 April 2016	-
Swift	10.4
WCS	1.3
FAFS	0.7
H2O	1.9
Hentland	4.6
Titan	0.5
BBC	2.0
Alpha	0.3
31 March 2017	**21.7**
Provision for impairment	
1 April 2016	-
Charge for the year	-
31 March 2017	**-**
Net book value	
31 March 2016	**-**
31 March 2017	**21.7**

Notes to the Group financial statements continued

12. INTANGIBLE ASSETS continued

Allocation to cash-generating units

Goodwill has been allocated for impairment testing purposes using the following cash-generation units. The carrying value is as follows:

	2017 £'m	2016 £'m
Fire & Security	18.5	-
Water Treatment	3.2	-
	21.7	-

Goodwill is calculated for each acquired company using the Multi-Period Excess Earnings Method where excess earnings are discounted to present value at an appropriate rate of return to estimate the fair value of the intangible assets and goodwill. Goodwill represents earmings from future customers and the contribution of the assembled workforce to the separately identifiable intangible assets. The calculations use pre-tax cash flow projections based on financial budgets approved by the Directors for year one and cash flow projections for years two to ten using growth rates that are considered to be in line with the general trends in which each cash-generating unit operates. The industries in which we operate are characterised by long standing customer relationships and as such ten year cash flow projections are deemed to be an appropriate forecast window. Terminal cash flows are based on these ten year projections, assumed to grow perpetually at 1%. In accordance with IAS 36, the growth rates for beyond the forecasted ten years do not exceed the long-term average growth rate for the industry. The forecasts have been discounted at an average rate of 18.4%. The key assumptions forming inputs to cash flows are in revenues and margins. Revenues for 2017 have been assessed by reference to existing contracts and market volumes. Margins have been assumed to be consistent with those currently achieved in the Fire and Security and Water Treatment divisions.

The key assumptions used for value in use calculations are as follows:

	Fire & Security %	Water Treatment %
Revenue growth – average over 10 years	4	4
Revenue growth – remainder	1	1
Cost growth – employee/overheads, average over 10 years	4	4

Sensitivity

The Group has not identified any reasonable potential changes to key assumptions that would cause the carrying value of the remaining goodwill or intangibles to exceed its recoverable amount.

Notes to the Group financial statements continued

13. PROPERTY, PLANT AND EQUIPMENT

	Long leasehold land & buildings £'m	Leasehold improvements £'m	Plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
14 January 2016	-	-	-	-	-	-
31 March 2016	-	-	-	-	-	-
1 April 2016	-	-	-	-	-	-
Additions	-	-	-	0.4	-	0.4
Disposals	-	-	-	-	(0.3)	(0.3)
Acquisitions	0.3	0.5	0.1	0.5	1.2	2.6
31 March 2017	**0.3**	**0.5**	**0.1**	**0.9**	**0.9**	**2.7**
Accumulated Depreciation						
14 January 2016	-	-	-	-	-	-
31 March 2016	-	-	-	-	-	-
1 April 2016						
Charge for the year	-	-	-	0.2	0.3	0.5
Disposals	-	-	-	(0.1)	(0.3)	(0.4)
31 March 2017	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Net book value						
31 March 2017	**0.3**	**0.5**	**0.1**	**0.8**	**0.9**	**2.6**
31 March 2016	-	-	-	-	-	-
1 April 2016	-	-	-	-	-	-

Depreciation is charged to profit or loss as an administrative expense. Assets with a net book value of £0.4m (2016: £nil) were held under finance leases.

Notes to the Group financial statements continued

14. INVENTORIES

	2017 £'m	2016 £'m
Finished goods and goods for resale	1.8	-

15. TRADE AND OTHER RECEIVABLES

	2017 £'m	2016 £'m
Trade receivables	15.5	-
Less: provision for impairment of trade receivables	(1.4)	-
Trade receivables – net	14.1	-
Other receivables	0.3	-
Prepayments and accrued income	2.1	-
	16.5	-

Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past payment history and the current financial status of the customers.

As at 31 March 2017, trade receivables of £2.4m (2016:£Nil) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	2017 £'m	2016 £'m
0-120 days	2.4	-
Greater than 120 days	-	-

16. TRADE AND OTHER PAYABLES

	2017 £'m	2016 £'m
Trade payables	6.5	-
Other taxation and social security	2.8	-
Other payables	0.3	-
Accruals and deferred income	3.5	0.1
	13.1	0.1

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

Notes to the Group financial statements continued

17. FINANCIAL LIABILITIES – BORROWINGS

	2017 £'m	2016 £'m
Current		
Bank loans and overdrafts due within one year		
Bank loans – secured	1.1	-
	1.1	-
Non-current		
Bank loans – secured	3.7	-
	4.8	-

The bank debt is due to Lloyds Bank plc and is secured by a fixed and floating charge over the assets of the Group. The interest rate profile and an analysis of borrowings is given in note 19. Under the bank facility the Group is required to meet quarterly covenant tests in respect of cashflow cover, interest cover and leverage. All tests were met during the year and the Directors expect to continue to meet these tests.

Analysis of net cash

	2017 £'m	2016 £'m
Cash at bank and in hand	7.8	10.6
Bank loans and overdrafts due within one year	(1.1)	-
Bank loans due after one year	(3.7)	-
	3.0	10.6

18. OTHER FINANCIAL LIABILITIES

	2017 £'m	2016 £'m
Obligations under finance leases – present value of finance lease liabilities		
Repayable by instalments:		
In less than one year	0.2	-
In two to five years	0.2	-
Over five years	-	-
	0.4	-
Deferred consideration - payable in less than one year	0.9	
	1.3	

19. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, bank and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations.

Cash and cash equivalents

	2017 £'m	2016 £'m
Cash at bank and in hand	7.8	10.6

The main financial risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flow forecasts are produced on a regular basis to minimise liquidity risks.

Carrying value of financial assets and (liabilities) excluding cash and borrowings

	2017 £'m	2016 £'m
Loans and receivables	14.7	-
Financial liabilities measured at amortised cost	(11.4)	-

Currency and interest rate risk profile of financial liabilities

All bank borrowings are subject to floating interest rates, at LIBOR plus a margin of 2.75%. Any undrawn borrowings are subject to floating interest rates, at 35% of LIBOR plus a margin of 2.75%.

The interest rate risk profile of the Group's gross borrowings for the year was:

Currency	Total £'m	Floating rate financial liabilities £'m	Weighted average interest rates %
Sterling at 31 March 2017	**4.8**	**4.8**	**3.1**
Sterling at 31 March 2016	-	-	-

The exposure of Group borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

	2017 £'m	2016 £'m
3 months or less	4.5	-

The interest rate risk profile of the Group's undrawn borrowings at the end of the year was:

Currency	Total £'m	Floating rate financial liabilities £'m	Weighted average interest rates %
Sterling at 31 March 2017	**5.0**	**5.0**	**1.0**
Sterling at 31 March 2016	-	-	-

The exposure of the Group's undrawn borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

	2017 £'m	2016 £'m
3 months or less	5.0	5.0

Notes to the Group financial statements continued

19. FINANCIAL INSTRUMENTS continued

Interest rate sensitivity

At 31 March 2017, if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Company's profit before tax would be approximately £30k lower (2016: £Nil). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year.

The Company's sensitivity to future interest rates changes has increased during the current year due to the increased debt and debt facility.

Financial assets recognised in the statement of financial position and interest rate profile

All financial assets are short-term receivables and cash at bank. The cash at bank earns interest at based on the Bank of England Base rate less a margin of 0.05-0.15% and is held with Lloyds Bank plc.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities (including interest payment) other than short-term trade payables and accruals which are due within one year was as follows:

	Bank debt £'m	Other financial liabilities £'m	2017 Total £'m	Bank debt £'m	Other financial liabilities £'m	2016 Total £'m
Within one year, or on demand	1.1	0.9	2.0	-	-	-
Between one and two years	1.1	0.2	1.3	-	-	-
Between two and five years	2.6	0.2	2.8	-	-	-
	4.8	1.3	6.1	-	-	-

Borrowing facilities

The Group has a finance facility with Lloyds Bank plc which expires on 27 April 2020. This facility as at 31 March 2017 comprises term loans of £10m, a revolving credit facility (RCF) of £2.5m, and an overdraft facility of £0.5m (2016: £Nil). Of this facility, £4.5m of the term loan, £2.5m of the RCF and £0.5m of the overdraft facility were undrawn as at 31 March 2017. Since year end, on 27 April 2017, the term loan facility with Lloyds Bank plc has increased by an additional £5m. The total debt facility is now £18m.

All of the Group's borrowings are in sterling.

Fair values of financial assets and financial liabilities

The Group's financial assets and liabilities bear floating interest rates and are relatively short-term in nature. In the opinion of the Directors the book values of the assets and liabilities equate to their fair value.

Notes to the Group financial statements continued

20. DEFERRED TAX

Summary of balances

	2017 £'m	2016 £'m
Deferred tax liabilities	(1.0)	-
Deferred tax asset	0.2	-
	(0.8)	-

The movement in the year in the Group's net deferred tax position is as follows:

	2017 £'m	2016 £'m
1 April	-	-
Charge to profit for the year	0.2	-
Acquisitions	(1.0)	-
31 March	(0.8)	-

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the year:

Deferred tax liabilities

	Accelerated capital allowances £'m	Intangible assets £'m	Total £'m
14 January 2016	-	-	-
Charge to income for the year	-	-	-
Acquisitions	-	-	-
31 March 2016	-	-	-
Charge to income for the year	-	0.2	0.2
Acquisitions	-	(1.2)	(1.2)
31 March 2017	**-**	**(1.0)**	**(1.0)**

Deferred tax assets

	Losses £'m	Total £'m
14 January 2016	-	-
Charge to income for the year	-	-
Acquisitions	-	-
31 March 2016	-	-
Charge to income for the year	-	-
Acquisitions	0.2	0.2
31 March 2017	0.2	0.2

Notes to the Group financial statements continued

21. CALLED UP SHARE CAPITAL

	2017 £'m	2016 £'m
Authorised:		
37,925,456 ordinary shares of 50p each (2016: 28,113,332 ordinary shares of 50p each)	18.1	14.1
Allotted, issued and fully paid:		
30,916,995 ordinary shares of 50p each (2016: 14,584,999 ordinary shares of 50p each)	15.5	7.3

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
14 January 2016	1	50p
30 March 2016 – equity issued in merger with Marlowe Holdings Limited	14,584,998	50p
31 March 2016	14,584,999	
1 April 2016 - Subscription Shares	3,000,000	100p
1 April 2016 - Consideration Shares ("Swift")	3,500,000	100p
15 April 2016 - Consideration Shares ("WCS")	287,878	165p
7 September 2016 - Consideration Shares ("H2O")	211,765	170p
9 September 2016 - Subscription Shares	2,994,166	170p
27 September 2016 - Subscription Shares	2,888,187	170p
16 December 2016 - Subscription Shares	3,450,000	290p
31 March 2017	**30,916,995**	

22. SHARE PREMIUM ACCOUNT

	2017 £'m	2016 £'m
1 April	-	-
Premium on shares issued during the year	19.2	-
Share issue costs	(0.5)	-
31 March	18.7	-

The Company may use the reserve to reduce a deficit in the retained earnings of the Company from time to time subject to shareholders and court approval and the Company may release the reserve upon transferring to a blocked trust bank account a sum equal to the remaining amount outstanding to non-consenting creditors that existed at the date of the capital reduction.

23. OTHER RESERVES

Share-based payments reserve	2017 £'m	2016 £'m
1 April	-	-
Charge for the year	0.3	-
31 March	0.3	-

The share-based payments reserve comprises charges made to the income statement in respect of share-based payments under the Group's equity incentive scheme.

24. RETAINED EARNINGS

	2017 £'m	2016 £'m
1 April	0.2	-
Profit/(loss) for the year	0.3	(0.1)
Liquidation of Marlowe Holdings Limited	-	0.3
31 March	0.5	0.2

Retained earnings are the balance of income retained by the Group. Retained earnings may be distributed to shareholders by a dividend payment.

25. NET CASH GENERATED FROM OPERATIONS

	2017 £'m	**2016 £'m**
Continuing operations		
Profit/(loss) before tax	0.7	(0.1)
Depreciation of property, plant and equipment	0.5	-
Amortisation of intangible assets	0.6	-
Net finance costs	0.2	-
Acquisition costs	0.6	-
Share-based payments charge	0.3	-
(Increase) in inventories	(0.2)	-
(Increase)/decrease in trade and other receivables	(1.4)	0.1
Increase in trade and other payables	0.8	-
Net cash generated from operations	2.1	-

26. PENSIONS

The Group operates a number of defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to profit or loss of £0.2m (2016: £nil) represents contributions payable to these schemes by the Group at rates specified in the rules of the plan.

27. SHARE-BASED PAYMENTS

Marlowe 2016 Incentive Scheme

The Directors believe the success of the Company will depend to a significant degree on the future performance of the management team. Accordingly, arrangements have been put in place to create incentives for those who are expected to make key contributions to the success of the Group. A long term incentive scheme was created in February 2016 to reward the key contributors for the creation of shareholder value. In order to make these arrangements most efficient, they are based around a subscription for B Shares in Marlowe 2016 Limited, a 100% wholly owned subsidiary of Marlowe plc, by the B Shareholders.

The B Shareholders have subscribed for B Shares. A subscription price of £0.01 was paid for each share. In certain circumstances, detailed below, the B shareholders can give notice to the Company and Marlowe 2016 redeem their B Shares in exchange for the issue by the Company of Ordinary Shares.

Notes to the Group financial statements continued

27. SHARE-BASED PAYMENTS Marlowe 2016 Incentive Scheme continued

On such redemption, the aggregate value of the B Shares is to be 10% of the result of the following:

- the market value of Ordinary Shares that were in issue at Admission (being 21,084,998 Ordinary Shares), in addition to the market value of any Ordinary Shares issued following Admission in relation to net shareholder investments of up to £40m (any Ordinary Shares issued where net shareholder investments exceed £40m will be excluded); less
- the Ordinary Shares in issue at Admission (being 21,084,998 Ordinary Shares) multiplied by the Issue Price of 100 pence (equaling £21,084,998); less
- net shareholder investments of up to £40m in the Company raised by way of a share placing following Admission; plus
- the amount of any dividends declared by the Company following Admission.

The market value of Ordinary Shares for these purposes will be the average closing price of the Ordinary Shares over the 10 Business Days immediately preceding the day on which notice of redemption is given by a B Shareholder.

The B Shareholders may only give notice to redeem their B Shares in any of the following circumstances:

- a sale of all or a material part of the business of the Enlarged Group;
- a sale of more than 51% of the Ordinary Shares to an unconnected person;
- a winding up of the Company, or any other return of capital
- not earlier than the third anniversary of the relevant agreement relating to the B Shares and not later than the fifth anniversary of the relevant agreement relating the B Shares.

The B Shareholders have agreed that if they cease to be involved with the Group in the three years after Admission for a reason other than death, long-term disability, injury or ill-health, redundancy, retirement at or after the date on which the B Shareholder would normally be expected to retire, dismissal other than for gross misconduct, or being voted off a board of the Group other than for poor performance, Marlowe 2016 will have the ability to redeem the B Shareholder's B Shares for the amount subscribed for those B Shares. No other rights are attached to the B shares.

The B Shares were valued using a Monte Carlo model. The effective date of the award is deemed to be 1 April 2016:

Date of issue of Marlowe 2016 Limited redeemable B ordinary shares	27 February 2016
Issue price of B shares	£0.01
Marlowe plc share price at effective date	£1.375
Redemption value	See below
Number of employees	5
B shares issued	10,000
Vesting period (years)	Up to 6.9 years
Expected volatility	50%
Option life (years)	6.9
Expected life (years)	4.45
Risk free rate	1.15%
Expected dividends expressed as a dividend yield	0%

The total fair value of options issued in the year was £0.7m (2015: £0.1m). The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements.

The Director's interests in the performance units of the Incentive Scheme is as follows:

	2017	2016
Alex Dacre	5,460	5,460
Derek O'Neill	1,820	1,820
Charles Skinner	1,183	1,183
Nigel Jackson	900	-

27. SHARE-BASED PAYMENTS Marlowe 2016 Incentive Scheme continued

The issued B Share capital is as follows:

	Number of B Shares	Issue price
28 January 2016	-	
27 February 2016 - equity issued	9,100	£0.01
31 March 2016	9,100	
1 April 2017 - equity issued	900	£0.01
31 March 2017	10,000	

28. DIRECTORS AND EMPLOYEES

Staff costs during the year	2017 £'m	2016 £'m
Wages and salaries	16.9	-
Social security costs	2.0	-
Post employment benefits	0.2	-
Share-based payments charge	0.3	-
	19.4	-

Average monthly number of employees during the year	Number	Number
Directors	6	1
Management	69	-
Engineers	287	-
Administration	113	5
Sales	69	-
	544	6

Total amounts for Directors' remuneration and other benefits	2017 £'m	2016 £'m
Emoluments for Directors' services	0.3	-
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits	0.1	-

Key management compensation	2017 £'m	2016 £'m
Short-term employment benefits	0.7	-
Social security costs	0.1	-
Post employment benefits	-	-
Other benefits	-	-
Share-based payments charge	0.3	-
	1.1	-

The key management of the Group include the Directors of the Company, the Group Finance function, and the Managing and Financial Directors of each Division.

Notes to the Group financial statements continued

29. LEASING COMMITMENTS

The Group leases various premises and assets under non-cancellable operating lease agreements of varying terms. The majority of the lease agreements are renewable at the end of the lease period at market rate.

	Land and buildings 2017 £'m	Land and buildings 2016 £'m	Vehicles 2017 £'m	Vehicles 2016 £'m
Future aggregate minimum lease payments under non-cancellable operating leases				
– Within one year	0.2	-	1.2	-
– Within two to five years	0.7	-	0.9	-
– Over five years	0.4	-	-	-
	1.3	-	2.1	-

The operating leases represent rentals payable by the Group for certain properties, vehicles and equipment.

30. MERGER OF MARLOWE HOLDINGS LIMITED

On 30 March 2016, the Company merged the assets and liabilities of Marlowe Holdings Limited, a strategic investment company incorporated in Belize, for an equity consideration of £7.3 million (14,584,998 shares of 50p). The fair values are as follows:

	Fair value at acquisition £'m
Cash	10.6
Subscription received in advance	(3.0)
Net assets	7.6

Marlowe Holdings Limited's net assets included a £20,000 receivable from Marlowe plc. This was subsequently eliminated following a merger along with the corresponding payable in Marlowe plc's statement of financial position. As a result, net assets of £7.6 million were transferred upon the merger. A gain of £302,000 arose on merger and was recognised in the Merger Relief Reserve. Subsequent to Marlowe Holdings Limited's liquidation following acquisition this was transferred to Retained Earnings.

31. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

The remuneration of key management personnel and details of the Directors' emoluments are shown in note 28.

The following sales and purchases were to companies which are related by virtue of Nigel Jackson being a controlling party.

	Sales 2017 £'000s	Sales 2016 £'000s	Purchases 2017 £'000s	Purchases 2016 £'000s
Premier Business Support Services Limited	-	10	-	-
Video Receiving Centre Limited	41	27	202	208
Boundary Gate & Barriers (Contracts) Limited	7	6	96	83
Alarm Response of Keyholding Limited	20	8	351	195

32. POST BALANCE SHEET EVENTS

On 27 April 2017 the Company increased its debt facility with Lloyds Bank by an additional £5m to £17.5m (£15m term loan, £2.5m revolving credit facility). £10m of the facility remains undrawn.

On 15 June 2017 the Company acquired Advance Environmental Limited, a provider of water treatment and hygiene services, for a total consideration of £2.7m. One hundred percent of the equity was acquired in this transaction. A purchase price allocation has not yet been performed as the Company is still in the process of establishing the fair value of the assets and liabilities acquired in this acquisition.

Company statement of changes in equity

For the year ended 31 March 2017

	Attributable to owners of the parent					
	Share capital £'m	Merger Relief Reserve £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total Equity £'m
Balance at 14 January 2016	-		-	-	-	-
Loss for the period	-		-	-	(0.1)	(0.1)
Total comprehensive income for the year	-		-	-	(0.1)	(0.1)
Transactions with owners						
Issue of shares during the year	7.3	0.3	-	-	-	7.6
Liquidation of Marlowe Holdings Limited	-	(0.3)	-	-	0.3	-
	7.3	-	-	-	0.3	7.6
Balance at 31 March 2016	7.3	-	-	-	0.2	7.5
Balance at 1 April 2016	7.3	-	-	-	0.2	7.5
Loss for the year	-	-	-	-	(1.7)	(1.7)
Total comprehensive income for the year	-	-	-	-	(1.7)	(1.7)
Transactions with owners						
Issue of shares during the year	8.2	-	19.2	-	-	27.4
Issue costs	-	-	(0.5)	-	-	(0.5)
Share-based payments charge	-	-	-	0.3	-	0.3
	8.2	**-**	**18.7**	**0.3**	**-**	**27.2**
Balance at 31 March 2017	**15.5**	**-**	**18.7**	**0.3**	**(1.5)**	**33.0**

Company statement of financial position

As at 31 March 2017

	Note	2017 £'m	2016 £'m
ASSETS			
Non-current assets			
Investments	33	13.4	-
		13.4	-
Current assets			
Trade and other receivables	34	26.6	-
Cash and cash equivalents		3.2	10.6
		29.8	10.6
Total assets		**43.2**	10.6
LIABILITIES			
Current liabilities			
Trade and other payables	35	(4.5)	(0.1)
Financial liabilities – borrowings	36	(1.1)	-
Other financial liabilities	37	(0.9)	-
Subscription received in advance		-	(3.0)
		(6.5)	(3.1)
Non-current liabilities			
Financial liabilities – borrowings	36	(3.7)	-
Total liabilities		**(10.2)**	(3.2)
Net assets		**33.0**	7.5
EQUITY			
Share capital	38	15.5	7.3
Share premium account	39	18.7	-
Other reserves		0.3	-
Retained earnings		(1.5)	0.2
Equity attributable to the owners of the parent		**33.0**	7.5

In accordance with Section 408 of the Companies Act 2006, the Company has not presented its own income statement in these financial statements. The Company results for the year included a loss after tax of £1.7m (2016: (£0.1m)).

These financial statements were approved by the Board of Directors and authorised for issue on 28 June 2017 and were signed on its behalf by:

Derek O'Neill
Chairman

Alex Dacre
Chief Executive

Company accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101") and in accordance with applicable accounting standards. The Company has adopted the following accounting policies, which are the same as applied by the Group: Revenue, Interest Income, Property, Plant and Equipment, Acquisition and Other Costs, Leased Assets, Investments, Trade and Other Receivables, Cash and Cash Equivalents, Trade Payables, Borrowings, Taxation, Provisions, Share-based Payments, Pensions and Financial Instruments.

The Company has taken advantage of the following disclosure exemptions under FRS 101:
The requirements of paragraphs 45 (b) and 46-52 of IFRS 2 "Share based Payment" because equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated:
The requirements of IFRS 7 "Financial Instruments: Disclosures" because equivalent disclosures are included within the consolidated financial statements in which the entity is consolidated:
The requirements of paragraphs 91-99 of IFRS 13 "Fair Value Measurement" because equivalent disclosures are included within the consolidated financial statements in which the entity is consolidated:
The requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of:
paragraph 79(a)(iv) of IAS 1;
paragraph 73(e) of IAS 16 "Property, Plant and Equipment; and
paragraph 118 (e) of IAS 38 "Intangible Assets";
the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 "Presentation of Financial Statements";
the requirements of IAS 7 "Statement of Cash Flows";
the requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
the requirements of paragraph 17 of IAS 24 "Related Party Disclosures"
the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 "Impairment of Assets"; and the requirement to produce a balance sheet at the beginning of the earliest comparative period.

GOING CONCERN

The going concern basis has been applied in these accounts on the basis the Company generate management charges and has access to funds made available from other Group companies.

The going concern position is discussed further in the consolidated financial statements of the Group on page 44 and applies to the Company.

COMPANY INCOME STATEMENT

In accordance with section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The results for the financial year of the Company are given on page 71 of the financial statements.

Notes to the Company Financial Statements

For the period ended 31 March 2017

33. INVESTMENTS

Shares in subsidiary undertakings.

	£'m
Cost:	
1 April 2016	-
Marlowe 2016	13.0
H2O	0.4
31 March 2017	**13.4**
Provision for impairment	
1 April 2016	-
Charge for the year	-
31 March 2017	-
Net book value:	
31 March 2016	**-**
31 March 2017	**13.4**

Notes to the Company financial statements continued

33. INVESTMENTS continued

At 31st March 2017, the Company held directly and indirectly equity and voting rights of the following undertakings:

Company	Class of holding	% held	Country of incorporation	Nature of business
All Management Divisions All companies are registered at Marlowe Plc, 20 Grosvenor Place, London, SW1X 7HN.				
*Marlowe 2016 Limited	Ordinary	100%	England and Wales	Holding Company
**H20 Chemicals Limited	Ordinary	100%	England and Wales	Water Treatment Services
***Fire & Security (Group) Limited	Ordinary	100%	England and Wales	Holding Company
***Swift Fire and Security Group Limited	Ordinary	100%	England and Wales	Fire and Security Services
***Protecting What Matters Limited	Ordinary	100%	England and Wales	Dormant
***Swift Fire Suppression Systems Limited	Ordinary	100%	England and Wales	Dormant
***Swift Fire & Security (National) Limited	Ordinary	100%	England and Wales	Fire and Security Services
***Swift Fire & Security (Northern) Limited	Ordinary	100%	England and Wales	Fire and Security Services
***Swift Fire and Security Limited	Ordinary	100%	England and Wales	Dormant
***Swift Fire& Security (Electrical Engineers) Limited	Ordinary	100%	England and Wales	Holding Company
***Swift Integrated Systems Limited	Ordinary	100%	England and Wales	Dormant
***Swift Keyholding and Response Limited	Ordinary	100%	England and Wales	Dormant
***Swift Connect Monitoring Limited	Ordinary	100%	England and Wales	Dormant
***Swift Monitoring Centre Limited	Ordinary	100%	England and Wales	Dormant
***Swift Fire & Mechanical Products Group	Ordinary	100%	England and Wales	Dormant
***Swift Fire & Mechanical Products Limited	Ordinary	100%	England and Wales	Dormant
***Swift Holdings Limited	Ordinary	100%	England and Wales	Dormant
***Fire Alarm Fabrication Services Limited	Ordinary	100%	England and Wales	Fire and Security Services
***Hentland Limited	Ordinary	100%	England and Wales	Fire and Security Services
***Titan Fire and Security Limited	Ordinary	100%	England and Wales	Fire and Security Services
***BBC Fire Protection Limited	Ordinary	100%	England and Wales	Fire and Security Services
***Alpha Peerless Fire Systems Limited	Ordinary	100%	England and Wales	Fire and Security Services
***WCS Environmental Group Limited	Ordinary	100%	England and Wales	Holding Company
***WCS Environmental Limited	Ordinary	100%	England and Wales	Water Treatment Services

* Held directly

** 15% held directly and 85% held via Marlowe 2016 Limited

*** Held via Marlowe 2016 Limited

Dormant companies are exempt from filing accounts under section 394 of the Companies Act 2006

Notes to the Company financial statements continued

34. TRADE AND OTHER RECEIVABLES

	2017 £'m	2016 £'m
Due in less than one year		
Trade receivables	0.3	-
Less: provision for impairment of trade receivables	-	-
Trade receivables – net	0.3	-
Amounts due from Group undertakings	25.5	-
Other receivables	0.2	-
Prepayments and accrued income	0.6	-
	26.6	-

Of the £25.5m amounts due from Group undertakings, £20.8m relates to amounts due from Marlowe 2016 in respect of investments made in the year.

35. TRADE AND OTHER PAYABLES

	2017 £'m	2016 £'m
Trade payables	0.5	0.1
Amount due to Group undertakings	3.8	-
Other payables	0.1	-
Accruals and deferred income	0.1	-
	4.5	0.1

The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

36. FINANCIAL LIABILITIES – BORROWINGS

	2017 £'m	2016 £'m
Current		
Bank loans and overdrafts due within one year		
Bank loans – secured	1.1	-
	1.1	-
Non-current		
Bank loans – secured	3.7	-
	3.7	-

The bank debt is due to Lloyds Bank plc and is secured by a fixed and floating charge over the assets of the Group. The interest rate profile and an analysis of borrowings is given in note 19. Under the bank facility the Group is required to meet quarterly covenant tests in respect of cashflow cover, interest cover and leverage. All tests were met during the year and the Directors expect to continue to meet these tests.

Notes to the Company financial statements continued

Analysis of net debt

	2017 £'m	2016 £'m
Cash at bank and in hand	3.2	10.6
Bank loans and overdrafts due within one year	(1.1)	-
Bank loans due after one year	(3.7)	-
	(1.6)	10.6

37. OTHER FINANCIAL LIABILITIES

	2017 £'m	2016 £'m
Deferred Consideration	0.9	-
	0.9	-

38. SHARE CAPITAL

	2017 £'m	2016 £'m
Authorised:		
37,925,456 ordinary shares of 50p each (2016: 28,113,332 ordinary shares of 50p each)	18.1	14.1
Allotted, issued and fully paid:		
30,916,995 ordinary shares of 50p each (2016: 14,584,999 ordinary shares of 50p each)	15.5	7.3

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
14 January 2016	1	50p
30 March 2016 – equity issued in merger with Marlowe Holdings Limited	14,584,998	50p
31 March 2016	14,584,999	
1 April 2016 - Subscription Shares	3,000,000	100p
1 April 2016 - Consideration Shares ("Swift")	3,500,000	100p
15 April 2016 - Consideration Shares ("WCS")	287,878	165p
7 September 2016 - Consideration Shares ("H2O")	211,765	170p
9 September 2016 - Subscription Shares	2,994,166	170p
27 September 2016 - Subscription Shares	2,888,187	170p
16 December 2016 - Subscription Shares	3,450,00	290p
31 March 2016	**30,916,995**	

Notes to the Company financial statements continued

39. SHARE PREMIUM ACCOUNT

	2017 £'m	2016 £'m
1 April 2016	-	-
Premium on shares issued during the year	19.2	-
Share issue costs	(0.5)	-
31 March 2017	18.7	-

40. SHARE-BASED PAYMENTS

Details of the share-based payments can be found in note 27.

41. LEASING COMMITMENTS

The Company leases an office under an operating lease. The future minimum lease payments are as follows:

	2017 £'m	2016 £'m
Future aggregate minimum lease payments under non-cancellable operating leases		
– Within one year	0.1	-
– Within two to five years	0.2	-
– Over five years	-	-
	0.3	-

42. DIRECTORS AND EMPLOYEES

Staff costs during the year	2017 £'m	2016 £'m
Wages and salaries	0.4	-
Social security costs	-	-
Post employment benefits	-	-
Share-based payments charge	0.3	-
	0.7	-

Average monthly number of employees during the year	Number	Number
Directors	1	1
Corporate Development	2	2
IT	1	1
Finance	1	1
Adminstration	1	-
	6	5

Notes to the Company financial statements continued

42. DIRECTORS AND EMPLOYEES continued

Total amounts for Directors' remuneration and other benefits	2017 £'m	2016 £'m
Emoluments for Directors' services	0.1	-
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits	0.1	-

Key management compensation	2017 £'m	2016 £'m
Short-term employment benefits	0.1	-
Share-based payments charge	0.2	-
	0.3	-

43. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

Details of related party transactions can be found in note 30.

44. POST BALANCE SHEET EVENTS

On 27 April 2017 the Company increased its debt facility with Lloyds Bank by an additional £5m to £17.5m (£15m term loan, £2.5m revolving credit facility). £10m of the facility remains undrawn.

On 15 June 2017 the Company acquired Advance Environmental Limited, a provider of water treatment and hygiene services, for a total consideration of £2.7m. One hundred percent of the equity was acquired in this transaction. A purchase price allocation has not yet been performed as the Company is still in the process of establishing the fair value of the assets and liabilities acquired in this acquisition.

Trading record

Year ended 31 March	2017 £'m	2016 £'m
Revenue	46.8	-
Adjusted profit before taxation*	2.9	-
Adjusted earnings per share*	10.4p	-
Net cash	3.0	10.6
Net assets	35.0	7.5

* Before amortisation of intangible assets, share based payments, and acquisition and restructuring costs.

Financial calendar

Event	Date
Annual General Meeting	19 September 2017
Half year results	December
Financial year end	31 March
Full year results	June

Further information

Marlowe plc

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Derek O'Neill

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Derek O'Neill (appointed 14 January 2016)
Charles Skinner (appointed 14 January 2016)
Peter Gaze (appointed 14 January 2016)
Nigel Jackson (appointed 1 April 2016)

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