Lakehouse plc

Interim results to 31 March 2015

Hello, we're Lakehouse.

Lakehouse plc, the asset and energy support services group, is pleased to announce its maiden interim results for the period from 1 October 2014 to 31 March 2015.

Financial highlights

28%

Revenue growth

£8.9m

Adjusted EBITA* £m

£1.2m

Profit before tax

157%

Operating cash conversion**

£21.1m

Net cash

* Adjusted EBITA is stated prior to deductions for exceptional items and amortisation of acquisition intangibles.

** Operating cash conversion is operating cash flow, plus exceptional IPO cash expenses (discussed further in Note 11), as a percentage of adjusted EBITA.

For more information please refer to page 11.

Operational and strategic highlights

- Successful implementation of organic growth strategy
  - High bidding success rate contributed to contract wins valued at £248m, including a number of long term frameworks
  - Continued expansion of geographic reach and service capabilities
  - Cross-selling of services accelerating across the Group
- Continued focus on operational efficiency and increasing margins
- Completed bolt-on acquisitions of H2O Nationwide in October 2014 and Providor in May 2015, in line with our growth strategy
- Order book at 31 March 2015 stood at £563m, giving us 97% visibility of full year revenue
- Secured the substantial HEEPS contract with Scottish Government in March, as part of Warmworks joint venture
- Growing sales pipeline of £2.7bn at 31 March 2015

Contents

Business overview

Lakehouse plc is an asset and energy support services group that constructs, improves, maintains and provides services to homes, schools and public buildings, with a focus on the UK public sector and regulated markets. The Group was founded in 1988 and is headquartered in Romford, Essex. It employs over 1,350 staff from 22 offices in London, the South of England, the East of England and Scotland.

Regeneration

Services
- Planned maintenance
- Responsive repair / maintenance
- Estate regeneration

Markets
- Social housing

Regeneration provides planned and responsive maintenance services for social housing clients, which are mainly local authorities and housing associations. The division operates through three businesses: Regeneration (South), Regeneration (East), and Regeneration (North).

Compliance

Services
- Gas / Fire & Electric / Water & Air
- Servicing
- Maintenance
- Installations

Markets
- Social housing
- Public buildings

Compliance comprises planned and responsive installation, maintenance and repair services to local authority and housing association clients in the areas of gas, fire and electrical and water and air hygiene. These services cover clients' social housing and public building assets.

Energy Services

Services
- Energy efficiency measures
- Renewable technologies
- Funding

Markets
- Private and social housing
- Public and commercial property

Energy Services provides a range of energy efficiency services, including external, internal, cavity wall and loft insulation, and gas central heating and boiler upgrades for social housing and private homes. In addition, the division uses these services to deliver carbon emissions savings for energy companies, enabling clients to meet their legislative targets.

Construction

Services
- Construction
- Refurbishment

Markets
- Education
- Public buildings

Construction focuses on refurbishment and small to medium-sized public building works, predominantly for local authority clients. The division focuses on clients in the education sector, although it also delivers some works to a range of other public buildings.

Chairman's review

"Lakehouse is delighted to report its maiden interim results as a listed company. We continue to successfully implement our strategy, delivering organic growth supplemented by acquisitions which provide complementary services, new geographies and earnings potential. Our robust order book and sales pipeline provide a strong base from which to deliver further progress in the second half and the Board is confident of achieving its expectations for the year as a whole."

Trading performance

The Group delivered good trading results for the six months to 31 March 2015, reflecting the benefits of the acquisitions of Everwarm and H2O Nationwide since the comparative period. We increased revenue by 28% to £161.3m (2014: £125.8m), including organic revenue growth of 6%. Adjusted EBITA increased significantly to £8.9m (2014: £2.6m). Adjusted profit after tax was £7.3m (2014: £2.0m), resulting in adjusted basic earnings per share of 7.4p (2014: 3.1p). Profit after tax was £0.7m (2014: £0.1m), resulting in earnings per share of 0.7p (2014: 0.2p).

Contract wins in the period worth £248m contributed to a robust order book of £563m at 31 March 2015, providing visibility over 97% of our revenue for this financial year. This reflects our prudent approach to calculating the order book which only recognises contracted and certain framework revenues.

The Group's strong balance sheet gives us the financial resources to implement our strategy. At 31 March 2015, the Group had net cash of £21.1m (2014: net debt of £1.8m) reflecting the proceeds from our IPO in March 2015. We also strengthened the Group's financial position ahead of the IPO with a new £30m revolving credit facility from the Royal Bank of Scotland. The cash position also benefited from our excellent cash flow in the first half, with operating cash conversion in the period of 157%. This was above our long term sustainable cash conversion target of 80% and ahead of our expectations, given that our heaviest period for working capital consumption has historically been between November and February.

The strength of our trading performance is testimony to the skills and dedication of our people and on behalf of the Board, I would like to thank everyone at Lakehouse for their hard work.

A clear strategy for growth

Lakehouse has a straightforward strategy based on organic growth supplemented by value-enhancing acquisitions.

The markets in our core geographies of London, the South East, East Anglia and Scotland, are estimated to be worth approximately £10bn and are highly fragmented. Our existing clients are looking to improve efficiency by working with suppliers, such as Lakehouse, who can deliver a bundled range of services. All of our divisions have longstanding client relationships, allowing us to grow by cross-selling services from our other divisions. For example, we are successfully delivering Regeneration and Compliance services to our Energy Services clients in Scotland, and winning Energy Services work with our Regeneration clients in London and the South East. At the same time, we are building on our reputation for high quality, reliable and cost-effective services to win work with new clients in our core markets.

£161.3m

Group revenue £m
2014: £125.8m

£8.9m

Adjusted EBITA* £m
2014: £2.6m

£1.2m

Profit before tax
2014: £0.4m

£21.1m

Net cash
2014: £(1.8)m

*Adjusted EBITA is stated prior to deductions for exceptional items and amortisation of acquisition intangibles.

In addition, we continue to add to our capabilities, and our geographical reach, by making targeted acquisitions. During the first half, we bought the water and air compliance business, H2O Nationwide, which is our first national operation. Since the period end, we have also acquired the smart-metering business Providor, which complements Everwarm's offering. As well as being growing businesses in their own right, these acquisitions increase our scope for cross-selling and driving further organic growth. They also help the Group take advantage of developing market opportunities.

The successful IPO

The Board is delighted with the success of our IPO in March and with the support shown by our new institutional shareholders. I would like to thank the Lakehouse team and our advisers for their commitment during the IPO and in our first steps as a listed company.

The IPO raised net cash proceeds of £25.1m, after taking account of fees and other expenses of £4.9m which were £2m lower than expected. We do not anticipate any further material costs will arise in the second half. This gives us the resources to continue to grow the business and create further value for shareholders.

Strong governance

Lakehouse has always been a prudent and well managed company, so we were pleased to further strengthen the Board with the appointment of Chris Geoghegan as our Senior Independent Director, together with Johnathan Ford and Jill Ainscough as Independent Non-Executive Directors, as part of the IPO. We look forward to working together as a Board to further develop the Group.

We have also continued to enhance our governance and assurance frameworks including the formation of a new Risk Committee, reporting to the Audit Committee, to review all aspects of operational and strategic risk across the business.

A progressive dividend policy

The Board has adopted a progressive dividend policy which will allow us to reward investors while retaining capital to invest in our long term growth. Given the IPO took place just before the period end, we have not declared a dividend for the first six months. The Board expects to declare a dividend for the second half of the financial year at the time of the year end results.

An encouraging outlook

Our focus is on creating value for all our stakeholders. We believe that delivering a great service to our clients and developing and retaining our staff will translate into value for our shareholders.

The Group has made a good start to the second half and we will continue to grow through cross-selling and winning new business. With an improving market, we are seeing more and higher quality opportunities filling our pipeline which stood at £2.7bn at 31 March 2015.

We remain on course to deliver our expectations for the full year. Longer term, there remains plenty of opportunity for us to capitalise upon the growth within our markets and with our established strategy, solid balance sheet and focus on profitability, we are confident we will deliver sustainable returns for all our stakeholders.

Stuart Black
Chairman
27 May 2015

Chief Executive Officer's review

"We are pleased with our performance across the Group in the first half. We have continued to focus on the quality of business we win, prioritising earning good margins rather than revenue."

£79.3m

Regeneration revenue £m
2014: £85.5m

£4.4m

Regeneration adjusted EBITA* £m
2014: £5.4m

5.6%

Regeneration adjusted EBITA margin
2014: 6.4%

*Adjusted EBITA is stated prior to deductions for exceptional items and amortisation of acquisition intangibles.

The Group won a wide range of work in the period including a number of strategically important long term contracts. In addition, we have benefitted from our focussed approach to identifying the right contracts to target, high quality bid compilation and considered approach to pricing. This has increased our order book and puts us in a strong position for the rest of the financial year.

Regeneration

Regeneration provides planned and responsive maintenance services for social housing clients which are mainly local authorities and housing associations. The division operates through three businesses:

- Regeneration (South), which is the Group's original regeneration business. It operates in London and the South East delivering planned maintenance services through third party subcontractors.
- Regeneration (East), which was established in 2013 following the acquisition of Foster. It operates in East Anglia and the East Midlands delivering planned and responsive maintenance services using a self-employed subcontractor workforce.
- Regeneration (North), which was established during this period to develop a base in Scotland and so capitalise on the relationships of our Energy Services division.

The first half reflects both timing of work called off under existing frameworks and contract renewals in the client base. A number of new contracts were won in the period, which will mobilise in the second half of FY15, while in contrast to the prior period, we saw fewer clients looking to accelerate the spending of their budgets in March. As a consequence, Regeneration revenues were 7% lower than in the prior year period. However, given the new contracts won in the first half, together with the division's existing confirmed order book, we would expect second half Regeneration revenues to be higher than the first half. In addition, we also invested in two key areas in the period: establishing our new Regeneration (North) business in Scotland and a responsive maintenance operation in Regeneration (East). The timing of this investment, together with the five new contracts won in the period, the mobilisation costs of which are expensed as incurred, resulted in Regeneration adjusted EBITA for the first half being 19% lower at a reduced margin of 5.6%.

Looking ahead, we expect Regeneration (North) and the Regeneration (East) responsive maintenance contracts to be profitable in the second half of the financial year and to see this reflected positively in margins. Our focus for Regeneration remains on securing contracts on which we can earn the strongest margins. This means bidding for medium-sized contracts and only targeting large frameworks where we can win. We are now on 36 frameworks, up from 33 in March 2014, which have a combined total value of £500m and average contract durations of four years.

Notable contract wins in the period included the two year London & Quadrant Housing Trust Decent Homes framework, the Stevenage Borough Council two year roofing upgrade programme, a four year external decorations programme for Family Mosaic and the four year major housing works framework for Enfield Homes. We have also re-secured the Eastern Procurement Heatings Framework following our strong performance and high levels of customer satisfaction on the previous framework. In addition, we have continued to be successful with mini tenders on a number of existing frameworks.

Our new Regeneration (North) business in Scotland has already begun to win work, including being appointed to frameworks for the City of Edinburgh and Argyll & Bute Housing Associations.

Although responsive maintenance is a newly launched service in Regeneration (East), we see this as a growth area for the business and mobilised five newly won contracts in the period. In addition, we expect targeted acquisitions will provide us with the potential to achieve critical mass in this area more rapidly.

To further improve client service and our operational efficiency, during the period we implemented our new maintenance operating system, Impact Response. This system tracks each responsive maintenance task order from the moment we receive the call, all the way through to customer satisfaction surveys and invoicing. Dynamic scheduling means we can make the best use of our operatives' time and keep clients informed with real-time information on progress. This high quality service is an important factor in winning and retaining contracts and we have also invested significantly in a new customer contact centre in the business.

We initiated a self-delivery pilot in Regeneration (South) in the period by introducing the self-employed subcontractor workforce model operated in Regeneration (East) on some planned maintenance contracts. We expect this will improve both customer satisfaction and contract profitability as it is rolled out more widely over the medium term.

Compliance

Compliance comprises planned and responsive installation, maintenance and repair services to local authority and housing association clients in the areas of gas, fire, electrical and water and air hygiene. These services cover clients' social housing and public building assets. The acquisition of H2O Nationwide in October 2014 expanded our range of compliance services into air and water.

The Compliance division continued to perform strongly in the period. Revenues grew by 16% and adjusted EBITA by 81%, resulting in an improved margin of 14.2%. The margin uplift reflects a number of factors: the impact of a high level of contract mobilisation in the prior period; the benefits from the H2O Nationwide business; and a number of higher margin projects in the first half.

Notable wins during the period included a seven year gas maintenance contract with Arun District Council, a three year mechanical and electrical contract with MHS Homes, and a four year electrical maintenance contract with Brighton & Hove City Council. Our projects with Peabody and A2 Dominion, which were brought into the Compliance division through successful cross-selling, also performed well. We are continuing to further develop and strengthen our relationships with these clients.

H2O Nationwide delivered continued organic growth and its first cross-selling success, winning a contract to provide water treatment to Arun District Council, which is a new client for Lakehouse gas compliance. We are now introducing this business to our Regeneration clients. H2O Nationwide is our first nationwide operation and we expect to build on this model through both organic business development and selected acquisitions.

During the period we fully rolled out Impact Response at Allied, our fire business, and we are planning to introduce the system in our other Compliance businesses to provide consistent management software information across the division.

In the second half of the financial year, we will further integrate our Compliance businesses through our 'Lakehouse Customer Journey' initiative, which is explained on page 7, and Impact Response, allowing us to offer an integrated overall proposition to clients. We have been successful at cross-selling our services and see further opportunities here.

£19.3m

Compliance revenue £m
2014: £16.7m

£2.8m

Compliance adjusted EBITA* £m
2014: £1.5m

14.2%

Compliance adjusted EBITA margin
2014: 9.1%

*Adjusted EBITA is stated prior to deductions for exceptional items and amortisation of acquisition intangibles.

Chief Executive Officer's review continued

£27.2m

Energy Services revenue £m
2014: £0.3m

£3.4m

Energy Services adjusted EBITA* £m
2014: £(0.7)m

12.6%

Energy Services adjusted EBITA margin
2014: n/m

*Adjusted EBITA is stated prior to deductions for exceptional items and amortisation of acquisition intangibles.

Energy Services

Energy Services is primarily our Everwarm business which we acquired in April 2014. Prior to that date, Lakehouse had only a subscale presence in the market.

The division provides a range of energy efficiency services, including external, internal, cavity wall and loft insulation, and gas central heating and boiler upgrades for social housing and private homes. In addition, the division uses these services to deliver carbon emissions savings for energy companies, enabling clients to meet their legislative targets. In May 2015, the division expanded its nascent smart-meter installation business with the acquisition of Providor.

The influence of weather patterns on Energy Services' work means that the second half of the year can be stronger than the first half, particularly if there is a harsh winter. High winds and cold temperatures in December and January meant that the insulation business had a slower than expected start to the year, although this has recovered strongly from February onwards. The division has a full order book and the resource in place to deliver on this through to the year end. As a result, Energy Services remains on track to meet our full year expectations.

Important wins in the period included a four year contract for reactive heating replacement for Aberdeenshire Council and a central heating installation contract for Link Group. In April 2015, we were able to announce that our Warmworks joint venture, in which we hold a third share with Changeworks and the Energy Saving Trust, had secured the HEEPS contract, a national fuel poverty scheme funded by the Scottish Government. The contract is worth up to £224m to the joint venture over a period of up to seven years and a proportion of this sum will be deployed directly on measures by Everwarm. HEEPS will help householders make their homes warmer and more comfortable, saving them money and improving the environmental performance of Scotland's housing stock. The contract is not due to start before September 2015 and is likely to require considerable mobilisation cost and activity in its early stages. However, the contract's scale and prominence will make it a valuable reference point for us as we grow the Energy Services business across the UK. Warmworks will mobilise and resource the HEEPS contract in the second half of the year, ahead of its launch in September 2015.

Our efforts to expand Energy Services in England are gaining traction with local authority and social housing clients keen to explore our solutions and ability to obtain funding for them from the major energy companies. We have very strong relationships with the Big Six energy companies and continue to support them with meeting their environmental obligations.

In May 2015, we acquired Providor Limited, one of the UK's leading smart-metering specialists for an initial consideration of £4.75m and further deferred consideration of up to £2m. Providor installs, maintains, services and repairs gas metering systems in domestic and commercial properties around the UK. Providor complements our existing offering by providing critical mass in the high growth smart-metering market which forms part of the Government's £11bn scheme to upgrade the UK's energy infrastructure and improve competition by 2020. The Smart Metering Implementation Programme, underpinned by the Energy Act 2008, sets out the aim of installing and replacing 53 million gas and electricity meters nationally over the next five years. Providor's specialist skills, client base and business infrastructure give us a platform for capitalising on the growth in UK energy services.

In the second half, we expect Energy Services to continue its expansion in England as well as progress with the integration of Providor.

£36.7m

Construction revenue £m
2014: £25.7m

£1.9m

Construction adjusted EBITA* £m
2014: £(1.3)m

5.1%

Construction adjusted EBITA margin
2014: (4.9)%

*Adjusted EBITA is stated prior to deductions for exceptional items and amortisation of acquisition intangibles.

Construction

Construction focuses on refurbishment and small to medium-sized public building works, predominantly for local authority clients. The division focuses on clients in the education sector although it also delivers some works to a range of other public buildings.

Construction had a pleasing start to the year with revenue growth of 42% and adjusted EBITA up strongly, resulting in a margin of 5.1%. The growth in revenue was partially a reflection of timing of work and our expectations for the year as a whole remain unchanged. The improvement in margins reflected our focus on small to medium-sized education projects, where we can effectively balance risk and return, along with a downscaling of social housing development work.

A key driver for the business is the shortage of primary school places which requires investment in new school buildings to meet demand. During the period, we were successfully reappointed to the Hampshire County Council framework and secured a place on the Local Government Shared Services (LGSS) framework with Northamptonshire and Cambridgeshire County Councils.

The LGSS framework win also allows us to tender for education projects in East Anglia and we are looking at other frameworks in Gloucester and Essex, and with the University of Reading.

Construction has a strong pipeline, allowing us to continue to be selective about the opportunities we bid for during the second half. We will also benefit from our new strategic clients and the potential for expansion in the East of England.

Delivering for our clients

Our long term success depends on our ability to deliver for our clients consistently and so we routinely monitor their satisfaction levels across the business. We were pleased to be the Customer Service Award winner at the Housing Excellence Awards announced in May 2015.

We have also introduced an initiative called the 'Lakehouse Customer Journey'. This will help us to enhance our service delivery, by looking at every aspect of how we interact with clients, such that we can improve our processes accordingly. We have piloted this on a number of clients and projects and we are now rolling it out across the business. Our intention is that it will become part of our 'DNA' giving us a culture that improves continually.

Developing our people

We have always looked to develop our own talent, ensuring we have high quality people within and being developed by the business. We have a number of apprenticeship programmes which help us to meet the demand for skilled people and we also run leadership and Board development programmes. All our initiatives enable our people to develop inside the Group and give them more opportunities and career paths.

Our IPO will give employees, through a Save As You Earn scheme, the opportunity to participate in our equity. Giving our people a sense of ownership of our business is a key part of our culture and we reinforced this at the time of our IPO when we gifted every employee £200 worth of shares.

Successful business integration

Our growth strategy is predominantly organic but is complemented by earnings and service enhancing acquisitions. In the last three years, we have acquired five businesses and they have all been successfully integrated into the Group and are benefitting from central support in areas such as human resources, health and safety, marketing, IT, business improvement and bid management. This central support helps each business to grow and cross-sell its services, ultimately ensuring that they provide high added value to the Group. In May 2015 we acquired Providor and its integration into the Group is well underway. We expect this investment strategy to continue as we add further businesses and secure sustainable long term growth.

A responsible business

Protecting the health and safety of our people is a priority for us. Our longstanding health and safety strategy continues to lead to a robust and forward thinking approach to health and safety management across the Group. Our supportive approach is well received by the businesses we acquire and our overall Group performance is among the best in our sector.

Being responsible also means 'giving back' to our clients and communities. This has always been a fundamental part of how we work. To support our efforts, we have appointed a Corporate Responsibility Manager during the period and developed a new responsible business strategy which supports our long term business aspirations. Our ability to create social value is a vital part of our culture and is increasingly important to our clients in the public and regulated sectors.

Sean Birrane
Chief Executive Officer
27 May 2015

Chief Financial Officer's review

"Group revenue in the period increased by 28% to £161.3m (2014: £125.8m), with underlying organic revenue growth of 6%."

The Chairman's Statement and Chief Executive Officer's Review provide a detailed overview of our trading performance during the period. This Financial Review therefore covers other aspects of the income statement, our cash flows and the balance sheet.

Trading overview

Group revenue in the period increased by 28% to £161.3m (2014: £125.8m) with underlying organic revenue growth of 6%. Underlying organic revenue excludes the impact of acquisitions, predominantly Everwarm and H2O Nationwide, together with the downscaling of social housing development. Operating expenses increased 88% from £7.4m to £14.0m in 2015 including a rise in central costs from £2.3m to £3.6m. This reflected the acquisitions of Everwarm and H2O Nationwide and investment in central resource to support both the enlarged Group and the additional costs associated with becoming a listed company.

Adjusted EBITA increased significantly to £8.9m (2014: £2.6m). We exclude amortisation of acquisition intangibles and exceptional items in calculating adjusted EBITA to provide a more appropriate view of underlying operating performance. Operating profit increased to £2.1m (2014: £1.0m).

Exceptional costs

Exceptional costs in the period were £3.9m with a further £1.3m taken directly to the share premium account. These primarily related to the costs of the IPO (£3.6m) with the balance relating to acquisition expenses. Exceptional costs in the first half of 2014 were £0.1m and related to acquisition expenses in that period.

Amortisation of acquisition intangibles

When Lakehouse acquires businesses, the estimated value of their intangible assets (such as customer contracts and non-compete undertakings from vendors) is recognised on the Group's balance sheet. These acquisition intangibles are then amortised over their expected useful lives, estimated at between four and six years. We exclude this amortisation charge from our calculation of adjusted EBITA as the Board does not consider the cost to be reflective of the underlying operating performance of our business.

Amortisation of acquisition intangibles was £2.9m during the period (2014: £1.5m) with the increase reflecting the acquisitions of Everwarm and H2O Nationwide.

Finance expense

Finance expense is the interest charged on our debt facilities and the unwinding of the discount applied to deferred consideration on acquisitions. The expense in the first half was £0.9m (2014: £0.6m). This expense included a one-off sum of £0.4m relating to the write-off of the unamortised costs of the term loan replaced by the new revolving credit facility in December 2014 ahead of the IPO. This expense includes a further non-operating sum of £0.2m (2014: £0.2m) relating to the unwinding of discounts on deferred consideration due in respect of acquisitions.

Tax

The effective tax rate for the period was 23%, compared with a statutory rate of corporation tax of 21%, with the difference due to non-deductible expenses incurred in the period. Our cash tax payment in the financial year will be substantially reduced by the crystallisation of a £5.9m tax credit arising on the exercise of share options at the time of the IPO. From the 2016 financial year onwards, we expect our cash tax payments to begin aligning with the tax charge in the income statement.

Earnings per share

Our earnings for the period were £0.7m (2014: £0.1m). Based on the weighted average number of shares in issue during the period of 98.4m, this resulted in basic earnings per share of 0.7p (2014: 0.2p).

Adjusted earnings per share were 7.4p (2014: 3.1p). These reflect the add back of amortisation of acquisition intangibles, exceptional items, the write off of the unamortised costs of our old term loan and the unwinding of the discount applied to deferred consideration on acquisitions, to generate adjusted earnings of £7.3m (2014: £2.0m).

Balance sheet

The principal items in our balance sheet are intangible assets and working capital. We continued to control tightly our use of working capital during the first half, which contributed to our strong cash flow performance.

As at 30 September 2014, we held provisions of £6.7m. Some £1.3m of these were utilised during the period in line with management expectations, comprising £0.9m in relation to specific contract costs (discussed further in note 4) and the balance predominantly in relation to expected share costs arising on the IPO.

Cash conversion

Our operating cash flow in the period was £11.3m (2014: £7.7m) which resulted in a strong cash conversion rate of 157% (2014: 291%). We calculate operating cash conversion as cash generated from operations, plus exceptional IPO cash expenses, divided by adjusted EBITA to provide a consistent comparison of underlying cash generation.

The performance in the period was influenced by the timing of receipts and payments around the period end. We continue to target cash conversion of 80% in the long term and expect the overall outcome for this financial year to be closer to this target.

Deferred consideration

A number of the acquisitions made in recent years incorporate deferred consideration as part of the transaction terms, some of which depend on the performance of the businesses post-completion. During the period we made further payments relating to Foster and Allied Protection. The table below shows the movement in the total discounted deferred consideration payable and the amount outstanding at the period end.

Acquired business	At 30 September 2014	Additions/ (payments) including discounting	At 31 March 2015
Foster	9.6	(6.4)	3.2
Allied Protection	3.5	(0.3)	3.2
H2O Nationwide	–	2.4	2.4
Total	**13.1**	**(4.3)**	**8.8**

The acquisition of Providor was made after the end of the period and will be included in the year end reporting.

Jeremy Simpson
Chief Financial Officer
27 May 2015

Statement of Directors' responsibilities
For the six months ended 31 March 2015

Responsibility statement

We confirm to the best of our knowledge that:

1. The condensed set of Interim Financial Statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;
2. the Interim Report herein includes a fair review of the important events during the first six months and a description of the principal risks and uncertainties for the remaining six months of the year, as required by Rule 4.2.7R of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority; and
3. the Interim Management Report includes as applicable, a fair review of disclosure of related party transactions and changes therein, as required by Rule 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

By order of the board

Jeremy Simpson
Chief Financial Officer
27 May 2015

Accounts

Condensed consolidated income statement for the six months ended 31 March 2015

		Unaudited six months ended 31 March						Audited
	Notes	**Total before exceptional items and amortisation of acquisition intangibles 2015 £'000**	**Exceptional items and amortisation of acquisition intangibles (see note 4) 2015 £'000**	**Total 2015 £'000**	Total before exceptional items and amortisation of acquisition intangibles 2014 £'000	Exceptional items and amortisation of acquisition intangibles (see note 4) 2014 £'000	Total 2014 £'000	Year ended 30 September 2014 £'000
Revenue	3	**161,344**	**–**	**161,344**	125,772	–	125,772	302,488
Cost of sales		**(138,406)**	**–**	**(138,406)**	(115,678)	–	(115,678)	(271,639)
Gross profit		**22,938**	**–**	**22,938**	10,094	–	10,094	30,849
Other operating expenses		**(14,016)**	**–**	**(14,016)**	(7,447)		(7,447)	(20,040)
Operating profit before exceptional items and amortisation of acquisition intangibles		**8,922**	**–**	**8,922**	2,647	–	2,647	10,809
Exceptional items		**–**	**(3,888)**	**(3,888)**	–	(132)	(132)	(4,405)
Amortisation of acquisition intangibles		**–**	**(2,946)**	**(2,946)**	–	(1,558)	(1,558)	(5,101)
Operating profit/(loss)	3	**8,922**	**(6,834)**	**2,088**	2,647	(1,690)	957	1,303
Finance expense		**(379)**	**(530)**	**(909)**	(396)	(220)	(616)	(1,380)
Investment income		**57**	**–**	**57**	57	–	57	181
Profit/(loss) before tax	3	**8,600**	**(7,364)**	**1,236**	2,308	(1,910)	398	104
Taxation	5	**(1,285)**	**699**	**(586)**	(324)	51	(273)	(485)
Profit/(loss) for the period attributable to the equity holders of the Group		**7,315**	**(6,665)**	**650**	1,984	(1,859)	125	(381)
Earnings/(loss) per share								
Basic	6			**0.7p**			0.2p	(0.5)p
Diluted	6			**0.5p**			0.1p	(0.5)p
Adjusted earnings per share								
Basic	6	**7.4p**			3.1p			11.7p
Diluted	6	**5.9p**			2.2p			8.3p

Condensed consolidated statement of financial position at 31 March 2015

	Notes	As at 31 March 2015 £'000 (unaudited)	As at 31 March 2014 £'000 (unaudited)	As at 30 September 2014 £'000 (audited)
Non-current assets				
Goodwill		**44,511**	24,912	42,388
Other intangible assets		**18,112**	11,992	17,876
Property, plant and equipment		**2,139**	1,186	1,758
Trade and other receivables		**1,306**	1,700	1,666
Deferred tax		**1,516**	–	–
		67,584	39,790	63,688
Current assets				
Inventories		**5,360**	5,887	5,028
Amounts due from customers under construction contracts		**2,698**	1,532	3,247
Trade and other receivables		**70,441**	50,444	73,178
Corporation tax receivable		**861**	–	–
Cash and cash equivalents	9	**20,743**	13,535	4,230
		100,103	71,398	85,683
Total assets		**167,687**	111,188	149,371
Current liabilities				
Amounts due to customers under construction contracts		**1,968**	1,440	2,310
Trade and other payables		**73,930**	68,340	73,033
Loans and borrowings	8,9	**–**	5,822	3,333
Finance lease obligations	9	**147**	134	165
Income tax payable		**–**	513	445
		76,045	76,249	79,286
Net current assets/(liabilities)		**24,058**	(4,851)	6,397
Non-current liabilities				
Loans and borrowings	8,9	**–**	9,404	7,878
Finance lease obligations	9	**–**	–	66
Provisions		**5,337**	710	6,668
Deferred tax		**–**	1,976	1,813
Trade and other payables		**2,805**	7,057	4,854
		8,142	19,147	21,279
Total liabilities		**84,187**	95,396	100,565
Net assets		**83,500**	15,792	48,806
Equity				
Called up share capital	10	**15,753**	–	–
Share premium account		**25,314**	306	31,820
Share-based payment reserve		**58**	230	1,068
Merger reserve		**20,067**	1	1
Retained earnings		**22,308**	15,255	15,917
Equity attributable to equity holders of the Company		**83,500**	15,792	48,806

Condensed consolidated statement of changes in equity for the six months ended 31 March 2015

	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2013	–	306	197	1	15,130	15,634
Profit for the period	–	–	–	–	125	125
Share-based payment charge	–	–	33	–	–	33
At 31 March 2014	–	306	230	1	15,255	15,792
Loss for the period	–	–	–	–	(506)	(506)
Premiums on shares issued in the year	–	31,514	–	–	–	31,514
Created on acquisition of subsidiary	–	–	785	–	–	785
Share-based payment charge	–	–	53	–	–	53
Deferred tax on share based payments	–	–	–	–	1,168	1,168
At 30 September 2014	–	31,820	1,068	1	15,917	48,806
Profit for the period	–	–	–	–	650	650
Conversion of share options	–	628	(1,205)	–	1,205	628
Group restructuring	12,382	(32,448)	–	20,066	–	–
Issue of share capital	3,371	25,314	–	–	–	28,685
Deferred tax on share options	–	–	–	–	4,536	4,536
Share-based payment charge	–	–	195	–	–	195
At 31 March 2015	**15,753**	**25,314**	**58**	**20,067**	**22,308**	**83,500**

Condensed consolidated statement of cash flows for the six months ended 31 March 2015

	Notes	**Six months ended 31 March 2015 £'000 (unaudited)**	Six months ended 31 March 2014 £'000 (unaudited)	Year ended 30 September 2014 £'000 (audited)
Cash flows from operating activities				
Cash generated from operations	11	**11,279**	7,710	15,339
Interest paid		**(294)**	(328)	(649)
Interest received		**1**	13	34
Taxation		**(1,589)**	(1,701)	(8,211)
Net cash generated from operating activities		**9,397**	5,694	6,513
Cash flows from investing activities				
Purchase of shares in subsidiary, net of cash acquired		**(9,332)**	(10,196)	(15,296)
Purchase of property, plant and equipment		**(823)**	(414)	(890)
Purchase of intangible assets		**(207)**	(101)	(475)
Sale of property and equipment		**41**	88	120
Disposal of subsidiary business		**–**	–	80
Net cash used in investing activities		**(10,321)**	(10,623)	(16,461)
Cash flows from financing activities				
Proceeds from issue of shares		**30,000**	–	2
Proceeds from issue of pre-existing shares		**974**	–	–
Proceeds from bank borrowings		**–**	15,857	16,116
Repayment of bank borrowings		**(11,667)**	(5,447)	(9,861)
Repayments to finance lease creditors		**(83)**	(70)	(202)
Finance issue costs		**(472)**	(672)	(673)
Share issue costs paid		**(1,315)**	–	–
Net cash generated from financing activities		**17,437**	9,668	5,382
Net increase/(decrease) in cash and cash equivalents		**16,513**	4,739	(4,566)
Cash and cash equivalents at beginning of year		**4,230**	8,796	8,796
Cash and cash equivalents at end of year		**20,743**	13,535	4,230

Notes to the condensed consolidated financial statements for the six months ended 31 March 2015

As part of a restructuring accompanying the Initial Public Offering ('IPO') of the Group on 23 March 2015, Lakehouse plc replaced Lakehouse Holdings Limited as the Group's ultimate parent company by way of a Share exchange agreement. Under IFRS 3 this has been accounted for as a group reconstruction under merger accounting. On 23 March 2015 Lakehouse plc was listed on the London Stock Exchange.

1. Basis of preparation

The condensed consolidated financial statements for the six months ended 31 March 2015 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and with IAS 34 'Interim Financial Reporting'. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements, being the statutory financial statements for Lakehouse Holdings Limited, as at 30 September 2014, which have been prepared in accordance with IFRS as adopted by the European Union.

The condensed consolidated financial statements for the six months ended 31 March 2015 do not compromise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The condensed consolidated financial statements have been reviewed by Deloitte LLP but have not been audited. Statutory accounts for the year ended 30 September 2014 have been approved by the Board of Directors and delivered to the Registrar of Companies. These accounts, which contained an unqualified audit report under Section 495, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2014.

Going concern

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Directors regard the foreseeable future as no less than 12 months following publication of its condensed consolidated financial statements. The Directors have considered the Group's working capital forecasts and projections, taking account of reasonably possible changes in trading performance and the current state of its operating market, and are satisfied that the Group should be able to operate within the level of its current facilities. Accordingly, they have adopted the going concern basis in preparing the financial information.

Seasonality

The Group has seasonal influences in specific areas. The Compliance Division experiences higher activity levels in gas services in colder weather, leading to higher working capital requirements and lower profitability in winter, and the opposite in the summer. Within Energy Services it is not possible to render walls or use fixing glue at temperatures below three degrees centigrade. As such, weather has an influence on this business, meaning that the Group has to seek to increase capacity during warmer periods to compensate for time lost during colder ones.

2. Principal risks and uncertainties

The nature of the principal risks and uncertainties faced by the Group have not changed significantly from those set out on pages 8 and 9 of the 2014 Lakehouse Holdings Limited Group Annual Report and Financial Statements and is not expected to change over the next six months. These are summarised below:

- The Group's operations are dependent on UK Government and local government policy with regard to expenditure on improving and maintaining social housing and public buildings and to public expenditure levels in general;
- The Group competes for new work through a process of competitive tendering or bilateral negotiation. Its reputation, prior experience, pricing and, if applicable, existing relationship with a client will all have a bearing on gaining new work. The failure by the Group to compete effectively on these criteria could reduce its revenue, profitability or cash flow;
- The Group is dependent, in large part, on its supply chain. If the Group is unable to build long term relationships with its sub-contractors, this may have a material adverse impact on the Group's business, financial condition and results of operations;
- The success of the Group is dependent on recruiting, retaining, motivating and developing sufficient appropriately skilled and competent people at all levels of its organisation;
- The Group has made, and intends to continue to make, acquisitions of complementary companies and businesses as part of its growth strategy. No assurance can be given that the Group will be able to manage future acquisitions profitably or integrate such acquisitions successfully without substantial costs, delays or other problems being incurred or experienced.

3. Operating segments

The Board of Directors has determined an operating management structure aligned around the four core activities of the Group, with the following operating segments applicable:

- Regeneration
- Compliance
- Energy Services
- Construction

All revenue and profit is derived from operations in the United Kingdom only.

3. **Operating segments** continued

The following is an analysis of the Group's revenue and Adjusted EBITA by reportable segment:

	Six months ended 31 March 2015 £'000 (unaudited)	Six months ended 31 March 2014 £'000 (unaudited)	Year ended 30 September 2014 £'000 (audited)
Revenue			
Regeneration	**79,326**	85,504	172,611
Compliance	**19,322**	16,725	32,164
Energy Services	**27,208**	260	22,939
Construction	**36,689**	25,749	78,516
Total segment revenue	**162,545**	128,238	306,230
Inter-segment elimination	**(1,201)**	(2,466)	(3,742)
Revenue from external customers	**161,344**	125,772	302,488

Inter-segment trading comprises services provided by the Compliance segment for the Regeneration segment and are charged at prevailing market prices.

Reconciliation of Adjusted EBITA to profit before taxation

	Six months ended 31 March 2015 £'000 (unaudited)	Six months ended 31 March 2014 £'000 (unaudited)	Year ended 30 September 2014 £'000 (audited)
Adjusted EBITA by segment			
Regeneration	**4,409**	5,432	9,267
Compliance	**2,752**	1,518	2,548
Energy Services	**3,420**	(655)	2,781
Construction	**1,871**	(1,269)	2,539
Central costs	**(3,530)**	(2,379)	(6,326)
Total	**8,922**	2,647	10,809
Amortisation of acquisition intangibles	**(2,946)**	(1,558)	(5,101)
Exceptional costs	**(3,888)**	(132)	(4,405)
Investment income	**57**	57	181
Finance costs	**(909)**	(616)	(1,380)
Profit before taxation	**1,236**	398	104

Central costs are those costs that are not allocated directly in support of a segment and comprise certain Group service functions.

4. Exceptional costs and amortisation of acquisition of intangible assets

	Six months ended 31 March 2015 £'000 (unaudited)	Six months ended 31 March 2014 £'000 (unaudited)	Year ended 30 September 2014 £'000 (audited)
Acquisition costs	**276**	132	696
Contract costs	**–**	–	2,984
Disposal of subsidiary business	**–**	–	69
IPO costs	**3,612**	–	656
	3,888	132	4,405
Amortisation of acquisition intangible assets	**2,946**	1,558	5,101
	6,834	1,690	9,506
Unamortised financing costs included in finance expense	**355**	–	–
Unwinding discount of deferred consideration	**175**	220	478
	7,364	1,910	9,984

4. Exceptional costs and amortisation of acquisition of intangible assets continued
Acquisition costs comprise legal, professional and incidental expenditure incurred in relation to acquisition activity during the year. The number of acquisitions undertaken by the Group has been exceptional during its current growth phase and implemented strategically to increase income, service range and critical mass of the Group.

Contract costs represent exceptional remediation expenses which were identified during the year ended 30 September 2014 but are associated with the resolution of historic matters on a specific contract. A provision for these costs has been recognised on the Statement of Financial Position. £0.9m of costs were incurred during the period ended 31 March 2015 with the remaining amount of £2m to be incurred during the period to 30 September 2015.

IPO costs comprise legal, professional and incidental expenditure incurred in relation to the IPO.

In December 2014, the Group renegotiated its bank facilities, which resulted in the write-off of £0.4m of unamortised financing costs.

Unwinding discount of deferred consideration reflects the present value of deferred sums, discounted at a post tax rate of 13%, due on outstanding payments for acquisitions.

The costs discussed above are considered exceptional because they are not part of the underlying trading of the Group and are not expected to recur year to year.

5. Taxation
The income tax charge for the six months ended 31 March 2015 is calculated based upon the effective tax rates expected to apply to the Group for the full year of 23% (2014: 52%). Differences between the estimated effective rate of 23% and the statutory rate of 21% are due to non-deductible expenses.

6. Earnings per share
The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 31 March 2015 Number	Six months ended 31 March 2014 Number	Year ended 30 September 2014 Number
Weighted average number of ordinary shares for the purposes of basic loss/earnings per share	**98,363,503**	63,913,285	75,172,587
Diluted			
Effect of dilutive potential ordinary shares:			
Share options	**26,197,449**	27,653,727	30,735,019
Weighted average number of ordinary shares for the purposes of diluted loss/earnings per share	**124,560,952**	91,567,012	105,907,606
Earnings/(loss) for the purpose of basic earnings per share being net profit attributable to the owners of the Company (£'000s)	**650**	125	(381)
Basic earnings/(loss) per share	**0.7p**	0.2p	(0.5)p
Diluted earnings/(loss) per share	**0.5p**	0.1p	(0.5)p
Earnings for the purpose of adjusted earnings per share being adjusted net profit attributable to the owners of the Company (£'000s)	**7,315**	1,984	8,792
Adjusted basic earnings per share	**7.4p**	3.1p	11.7p
Adjusted diluted earnings per share	**5.9p**	2.2p	8.3p

The number of shares in issue at 31 March 2015 was 157,527,103.

7. Business combinations

H2O Nationwide Limited

On 3 October 2014 the Group acquired the entire share capital of H2O Nationwide Limited for consideration as detailed below. H2O Nationwide Limited's principal activity is that of water and air compliance. The effect of the acquisition on the Group's assets and liabilities were as follows:

	Book value £'000	Fair value adjustments £'000	Provisional fair value £'000
Assets			
Non-current			
Property, plant and equipment	7	–	7
Current			
Inventories	21	–	21
Trade and other receivables	720	–	720
Cash	2,343	–	2,343
Total assets	3,091	–	3,091
Liabilities			
Current			
Trade and other payables	(620)	–	(620)
Total liabilities	(620)	–	(620)
Net assets acquired	2,471	–	2,471
Intangibles acquired			3,104
Deferred tax recognised in respect of intangibles capitalised			(621)
Goodwill capitalised			2,125
			7,079
Satisfied by:			
Cash consideration			4,890
Deferred consideration			2,189
			7,079

The H2O Nationwide Limited intangible assets are recognised and valued at £3.1m. This represents the expected value to be derived from the acquired customer-related contracts and the acquired customer relationships. The value placed on these customer-related contracts and relationships is based on the expected post-tax cash inflows over the estimated remaining life of each contract. The cash flows are initially reduced by 10% after year 1 with further deductions thereafter which the Directors consider is commensurate with the risks associated with capturing returns from the customer relationships, and then discounted using a post-tax discount rate of 13%. The estimated life for customer contracts is assumed to be the remaining life of each contract, and the customer relationships are estimated to have a life of six years.

The Directors consider the value assigned to goodwill represents the workforce acquired, expected synergies to be generated, and access to additional geographical areas in the UK as a result of this acquisition. It is not expected that any goodwill will be deductible for tax purposes.

All costs of the acquisition have been recognised as an exceptional expense in the Statement of Comprehensive Income in the period in which it was incurred. The total cost recognised is £218,000, with the remaining £58,000 of acquisition costs being in relation to Providor Limited.

Post-Acquisition results

The results for H2O Nationwide Limited since the acquisition date, included within the consolidated statement of comprehensive income for the period ended 31 March 2015, are:

	£'000
Revenue	1,871
Profit from operations	521
Interest	30
Profit before tax	551
Taxation	(110)
Profit for the period	441

8. Borrowings

	31 March 2015 £'000 (unaudited)	31 March 2014 £'000 (unaudited)	30 September 2014 £'000 (audited)
Bank loans and credit facilities at amortised cost:			
Current	–	5,822	3,333
Non-current	–	9,404	7,878
	–	15,226	11,211
Maturity analysis of bank loans and credit facilities falling due:			
In one year or less, or on demand	–	5,822	3,333
Between one and two years	–	3,333	3,332
Between two and five years	–	6,071	4,546
After more than five years			–
	–	15,226	11,211

In October 2013 the Group renegotiated its bank facilities to provide an overdraft facility of £2,000,000 together with a £15,000,000 term loan repayable in instalments. At 31 March 2014 and 30 September 2014 a balance of £13,333,333 and £11,667,000 respectively was outstanding on the term loan, with 13 and 11 instalments respectively outstanding and a final amount of £2,500,000 being due on 21 October 2017; no amount of the overdraft facility was outstanding at either date. An average interest cost of 4.29% was incurred on the term loan in 2014.

In December 2014, the Group renegotiated its bank facilities to provide an overdraft facility of £5,000,000 together with a revolving credit facility of £30,000,000. In light of the net cash position of the Group, the revolving credit facility was undrawn at 31 March 2015.

9. Net debt

	31 March 2015 £'000 (unaudited)	31 March 2014 £'000 (unaudited)	30 September 2014 £'000 (audited)
Cash and cash equivalents	**20,743**	13,535	4,230
Bank loans and credit facilities	–	(15,226)	(11,211)
Unamortised finance costs (included in other debtors)	**487**	–	–
Finance lease obligations	**(147)**	(134)	(231)
	21,083	(1,825)	(7,212)

The unamortised finance costs at 31 March 2014 and 30 September 2014 have been netted off against the bank loan, whereas the unamortised finance costs in relation to the revolving credit facility at 31 March 2015 has been included in other debtors.

10. Called up share capital

Allotted, called up and fully paid:

Lakehouse plc 31 March 2015 Number	Lakehouse Holdings Limited 31 March 2014 Number	Lakehouse Holdings Limited 30 September 2014 Number		Lakehouse plc 31 March 2015 £	Lakehouse Holdings Limited 31 March 2014 £	Lakehouse Holdings Limited 30 September 2014 £
–	15,620	15,620	Ordinary shares of £0.01 each	–	156	156
–	1,369	1,369	A ordinary shares of £0.01 each	–	14	14
–	3,180	3,180	B ordinary shares of £0.015 each	–	48	48
–	100	100	C ordinary shares of £0.015 each	–	2	2
–	–	5,380,000	D1 ordinary shares of £0.0000127581 each	–	–	69
–	–	2,000	E ordinary shares of £0.015 each	–	–	30
157,527,103	–	–	Ordinary shares of £0.10 each	**15,752,710**	–	–
				15,752,710	220	319

On 13 February 2015 and 17 March 2015, in connection with the pre-IPO reorganisation, the Lakehouse Holdings Limited shareholders entered into the Share-for-Share Exchange Agreement.

11. Cash generated from operations

	Six months ended 31 March 2015 £'000 (unaudited)	Six months ended 31 March 2014 £'000 (unaudited)	Year ended 30 September 2014 £'000 (audited)
Operating profit	**2,088**	957	1,303
Adjustments for:			
Depreciation	**377**	263	672
Amortisation of intangible assets	**3,129**	1,657	5,334
Equity-settled share-based payments	**195**	33	86
Profit on disposal of property, plant and equipment	**(22)**	(70)	(87)
Loss on disposal of subsidiary business	**–**	–	69
Changes in working capital:			
Inventories	**(332)**	(2,205)	(1,142)
Amounts owed by customers under construction contracts	**549**	1,157	(558)
Amounts owed to customers under construction contracts	**(342)**	386	1,256
Trade and other receivables	**3,585**	2,993	(3,784)
Trade and other payables	**3,383**	1,879	5,672
Provisions	**(1,331)**	660	6,518
Cash generated from operations	**11,279**	7,710	15,339
Adjusted operating cash conversion calculation			
Cash generated from operations	**11,279**	7,710	15,339
Exceptional costs associated with IPO	**2,708**	–	120
Adjusted cash generated from operations	**13,987**	7,710	15,459
Operating profit before exceptional items and amortisation of acquisition intangibles	**8,922**	2,647	10,809
Operating cash conversion %	**157%**	291%	143%

Exceptional costs associated with the IPO represent the cash sum incurred in the period, with the balance of the charge a mix of accrued and non-cash sums, the cash impact of which will arise in the second half.

12. Related party transactions

There have been no material changes to the related party balances disclosed in the Group's Annual Report and Accounts 2014 and there have been no transactions that have materially affected the financial position or performance of the Group in the six months to 31 March 2015.

13. Post balance sheet events

Providor Limited

On 5 May 2015 the Group acquired the entire share capital of Providor Limited Group for consideration as detailed below. The initial consideration was £4.75m, with an estimated deferred consideration of £2m payable in August 2017.

Due to the proximity of the acquisition date to the interim reporting deadline it has not been practical to perform a provisional fair value assessment of the assets acquired and the liabilities assumed.

The last audited consolidated accounts, under UK GAAP, showed the following results:

	£'000
Revenue	**9,016**
Profit from operations	**1,355**
Interest	**(14)**
Profit before tax	**1,341**
Taxation	**(300)**
Profit for the period	**1,041**
Net assets	**1,007**

Independent review report to Lakehouse plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2015 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom
27 May 2015

Contact us

For Investor Relations and Financial Media Relations enquiries, please contact:

Ginny Pulbrook
Camarco
07961 315 138
ginny.pulbrook@camarco.co.uk

Christian Gould
Group Head of Marketing
Lakehouse
01708 758 886
christian.gould@lakehouse.co.uk

Registrar Services

Any enquiries concerning your shareholding should be addressed to the Company's Registrar. The Registrar should be notified promptly of any change in a shareholder's address or other details.

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

0871 664 0300
www.capitaassetservices.com

Financial PR

Camarco
107 Cheapside
London
EC2V 6DN

020 3757 4992
ginny.pulbrook@camarco.co.uk

Auditor

Deloitte LLP
City House
126-130 Hills Road
Cambridge
CB2 1RY

01223 460222
www.deloitte.com

Legal Advisor

Eversheds LLP
1 Wood Street
London
EC2V 7WS

0845 497 9797
www.eversheds.com

Financial Advisor and Stockbroker

Peel Hunt LLP
Moor House
London Wall
London
EC2Y 5ET

020 7418 8900
www.peelhunt.com

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Lakehouse plc
1 King George Close
Romford
Essex
RM7 7LS

Tel: 01708 758 800

www.lakehouse.co.uk