Van Elle Holdings plc
('Van Elle', the 'Company' or the 'Group')

20 January 2021

Interim results for the six months ended 31 October 2020
& Investor Presentation

Van Elle Holdings plc, the UK's largest ground engineering contractor, announces its interim results for the six months ended 31 October 2020.

£m	**6 months ended 31 Oct 2020**	**6 months ended 31 Oct 2019**
Revenue	**38.3**	48.5
EBITDA[1]	**1.9**	3.4
Underlying* operating (loss) / profit	**(0.4)**	1.5
Reported operating (loss) / profit	**(0.4)**	1.2
Underlying* (loss) / profit before tax	**(0.6)**	1.1
Reported (loss) / profit before taxation	**(0.7)**	0.9
Underlying* basic earnings per share (p)	**(0.5)**	1.2
Basic earnings per share (p)	**(0.5)**	0.9
Net funds/(debt)	**0.6**	(10.4)
Net funds/(debt) excluding IFRS 16 property lease liabilities	**4.5**	(6.4)

* Underlying results are stated before share-based payment charges and other non-underlying items (as detailed in note 4). There are no 'other non-underlying items' in the current period.

Highlights

- First quarter of FY2021 significantly impacted by the downturn in the wider construction market caused by COVID-19 restrictions.
- Encouraging recovery in trading during the second quarter, with activity recovering to pre-COVID levels and the Group returning to profitability in September and October.
- The health and wellbeing of employees has been the uppermost consideration throughout the period and the Group has been able to implement effective safe working practices to maintain operational continuity.
- The Group has maintained a strong financial position with a cash balance of £9.8m at the end of the period, following a successful share placing in April 2020, and with further significant headroom under the new asset-based lending facility secured in October 2020.
- Under the Group's transformation plan, operational activity continues to be focused on margin improvement and customer development. Further strengthening of the management team has been embedded and the Group is increasingly focused on longer term growth initiatives.
- Trading in the early part of Q3 has been in line with expectations, with an order book at 7 January 2021 of £23.6m (30 April 2020: £21.4m).
- With increased confidence resulting from the anticipated activities in the Group's core markets of residential, infrastructure and regional construction, the Group is well set to respond to the expected market recovery having retained and, in some areas, strengthened its diverse skill-base and capacity.

[1] EBITDA is defined as earnings before interest, tax, amortisation and depreciation

Mark Cutler, Chief Executive, commented:

"Our thanks go to all our employees for their resilience and commitment during a period which has had such a significant impact on our industry and wider society.

"Despite the evident disruption in the first half of the financial year, we have made considerable progress in advancing our strategy and enter the second half with confidence that we are well positioned to benefit from the resumption of normalised industry conditions.

"We are cautiously optimistic about the remainder of this year and into next, with well-established safe working practices and improving activity levels in our key sectors."

Analyst Briefing: 9.30am on Wednesday 20 January 2021

A briefing for Analysts will be held at 9.30am today. Analysts interested in attending should contact Walbrook PR on vanelle@walbrookpr.com or 020 7933 8780.

Investor Presentation: 3.30pm on Thursday 21 January 2021

Mark Cutler, Chief Executive Officer, and Graeme Campbell, Chief Financial Officer, will hold a presentation to introduce Van Elle and review the results and prospects at 3.30pm on Thursday 21 January 2021. The presentation will be hosted through the digital platform Investor Meet Company. Investors can sign up to Investor Meet Company for free and add to meet Van Elle Holdings plc via the following link https://www.investormeetcompany.com/van-elle-holdings-plc/register-investor. Investors who have already registered and added to meet the Company will automatically be invited.

Questions can be submitted pre-event to vanelle@walbrookpr.com or in real time during the presentation via the "Ask a Question" function.

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) ("MAR") prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

For further information, please contact:

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About Van Elle Holdings plc:

Van Elle Holdings is the UK's largest specialist geotechnical engineering contractor. The Company provides a range of ground engineering techniques and services including - ground investigation, general and specialist piling, rail geotechnical engineering, modular foundations, and ground improvement and stabilisation services.

Van Elle reports through three divisions: General Piling, Specialist Piling and Rail, and Ground Engineering Services; and is focused on three end markets: residential, infrastructure and regional construction - across which the Group has completed more than 20,000 projects over the last 35 years.

General Piling provides a range of larger piling and ground engineering solutions for open-site construction projects. Specialist Piling and Rail provides a range of geotechnical solutions in operationally constrained environments including on-track rail applications. Ground Engineering Services offers a range of ground investigation and geotechnical services and modular foundation solutions such as Smartfoot®. Van Elle has a market-leading reputation and the UK's largest modern rig fleet of 115 rigs.

Having floated on AIM in 2016 it now has a strong national presence, diversified offering and market-leading brand name.

Van Elle Holdings plc - Interim Report to 31 October 2020

Introduction

The Group's financial performance in the first half of FY2021 was heavily impacted by the challenging market conditions caused by the COVID-19 pandemic, resulting in revenue for the six months ended 31 October 2020 decreasing by 21% to £38.3m (H1 2020: £48.5m).

Trading activity was significantly below pre-COVID levels during the first quarter, as a result of the shutdown of activity at a significant number of customer sites, before a gradual recovery in activity through the period. Revenues in September and October recovered to pre-COVID levels and the Group traded profitably in these months.

Lockdowns since the period end have had limited operational impact on the Group, but increased uncertainty has impacted short-term customer decision-making in the commercial and general construction markets resulting in General Piling activity being more subdued during the third quarter. A sustained recovery is expected as the post-COVID backdrop stabilises.

Despite the challenges faced in the period, the Group continued to make good progress in the delivery of its strategic plan, focused on improved operational performance and establishing strong market positions for future growth.

The Group took decisive action in the period to improve balance sheet strength, increasing resilience, ensuring that Van Elle was able to retain its market leading capabilities, and providing the capacity to support its strategic initiatives. A focus on cash and working capital management and the equity capital raise in April 2020, resulted in a strong cash position at the end of the period. In addition, the refinancing of the Group’s debt facilities was completed in October 2020, with an asset-based lending facility of up to £11m established, which remains undrawn.

The order book at 7 January 2021 was £23.6m (30 April 2020: £21.4m).

The Group is a leader in the UK geotechnical engineering market. The Board remain optimistic that significant opportunities exist across our target markets of residential, infrastructure and regional construction, much of which remain well-funded and/or are underpinned by long-term structural growth dynamics.

COVID-19

Following the sharp downturn in activity during April 2020 as a result of working restrictions and site closures, there was a steady recovery of activity in our end markets during the first half of the financial year. The Group responded quickly to the operational challenges presented by COVID-19 and adapted operating procedures in accordance with government advice and industry guidance.

During the pandemic, our primary focus has been on the health and wellbeing of all employees. With the support of our customers, we implemented new site operating procedures to deliver contract works safely and productively throughout. Further steps were taken across all Group sites including social distancing measures, increased hygiene and cleaning facilities, employee temperature monitoring equipment and changed working practices, with significant numbers of staff working remotely.

Given the wider market uncertainties, the priority focus continues to be on strong management of cash and working capital. Cost reduction measures were implemented, including temporary pay reductions, and capital expenditure was limited to sustaining current capability only during the period. All PAYE liabilities deferred under the HMRC ‘time to pay’ arrangement have now been fully settled. A VAT payment of £0.3m remains deferred, as permitted by HMRC. The Group also reported a strong cash position of £9.8m at the end of October 2020 (31 October 2019: £3.9m) and has an undrawn asset-based lending facility of up to £11m.

As previously announced, at the peak of the first lockdown, the Group's revenues dropped by 80% and 50% of the workforce were furloughed. The recovery in activity levels during the period has supported the return to work for the majority of our employees.

Results overview

For the six months ended 31 October 2020, revenue decreased by 21% to £38.3m (H1 2020: £48.5m). Sales were segmented to our end markets as follows: residential 44.5% (H1 2020: 51.4%), infrastructure 35.6% (H1 2020: 25.9%) and regional construction 19.7% (H1 2020: 22.5%).

The relative growth in infrastructure revenues is consistent with the Group's strategy to pursue higher margin specialist work but also reflects the greater level of operational continuity at customer sites in the infrastructure sectors during the first COVID-19 lockdown.

Activity during the first quarter was heavily disrupted by COVID-19, following a low point in April 2020 in which revenues were approximately 80% below expectations. Activity levels steadily recovered during the period, with revenues in September and October returning to pre-COVID-19 levels, enabling the Group to trade profitably in these months.

Specialist Piling showed the strongest recovery, operating at near full capacity for much of the period. Strata experienced some short-term disruption from site closures in the first quarter but quickly recovered to pre-COVID revenues. Housing and General Piling recovered steadily, although the latter continues to experience some market volatility, particularly in the commercial and general construction sectors. Rail activity remained subdued for much of the period, with the pandemic further delaying the commencement of significant projects under the CP6 funding programme and reducing activity levels on existing programmes. The subdued level of Rail activity continued to negatively impact the Group's margin mix since this highly specialised capability typically delivers higher margins than other divisions.

Operational efficiencies in the Specialist Piling, Housing and Strata divisions resulted in improved gross margin performance in these businesses, albeit at a Group level gross margin performance was impacted adversely by mix due to subdued Rail activity. In addition, the significant decrease in revenue impacted overhead recovery, particularly in the first quarter, and resulted in an underlying operating loss of £0.4m (H1 2020: underlying operating profit of £1.5m). Underlying loss before tax for the period was £0.6m (H1 2020: underlying profit before tax of £1.1m).

Share-based payments expense of £0.1m was reported in the period (H1 2020: £0.1m). There were no other non-underlying items for the period (H1 2020: £0.1m).

Net funds (excluding IFRS 16 property lease liabilities) at 31 October 2020 were £4.5m (30 April 2020: £4.8m). The Group had cash and cash equivalents of £9.8m as at 31 October 2020 (30 April 2020: £12.2m) with the decrease since FY2020 year end reflecting a reversal of the working capital decrease prior to 30 April 2020, caused by the COVID-19 related reduced activity levels. Capital outstanding on hire purchase contracts reduced to £5.3m (30 April 2020: £7.4m), with £2.0m repaid in the period.

The Group has a significantly strengthened balance sheet following the successful equity capital raise announced on 9 April 2020, which raised gross proceeds of £6.7m. The remaining term loan with Lloyds Bank of £0.9m was also fully repaid in April 2020.

Reduced capital expenditure of £0.3m (H1 2020: £1.4m) reflects the actions taken to limit capital spend in the period to sustaining current capability.

Operating performance in the period

The Group reports operating performance in three segments as follows:

- **General Piling:** open site, larger projects; key techniques being large diameter rotary and CFA piling as well as larger precast driven piling.

- **Specialist Piling and Rail:** restricted access techniques and rail mounted capability, sheet piling, soil nails, anchors, mini-piling and ground stabilisation projects.

- **Ground Engineering Services:** modular foundation solutions (e.g. Smartfoot), ground improvement (vibro and rigid inclusions) delivered by the Housing business unit, and geotechnical services (trading as Strata Geotechnics).

General Piling

Revenue in the period decreased to £13.8m (H1 2020: £17.7m), primarily due to the significant impact of COVID-19 in the first quarter.

Market conditions remained challenging in the period, impacted by a combination of COVID-19 shutdowns, lower customer confidence and delayed decision making, and increased pricing pressures. Notwithstanding the challenging market conditions, the Group has seen benefits from its refreshed commercial strategy which supported a recovery in trading to pre-COVID-19 levels in the second quarter, although the division continues to experience volatile trading conditions.

The impact of the lower revenue in the first quarter was broadly offset by cost mitigation initiatives in the division resulting in an improved operating profit margin. The division's underlying operating profit was £163k for the period, slightly below the previous year (H1 2020: £227k).

Specialist Piling and Rail

The division, comprising the Specialist Piling and Rail business units reported a 9% decrease in revenue to £12.7m (H1 2020: £14.0m) primarily due to subdued workloads during the early stages of Network Rail's CP6 programme, partly mitigated by strong activity levels on Highways England's Smart Motorways programmes.

Specialist Piling has shown the strongest recovery since the first lockdown in March 2020, rapidly returning to pre-COVID-19 levels of activity and delivering year on year revenue growth. The division continued to benefit from strong contract performances in the highways sector, supported by a stable performance across other market sectors, including residential activity which showed a steady recovery after the first COVID-19 lockdown.

Specialist Piling has continued to review growth opportunities and has increased its capability in sheet piling techniques and drill and grout activities.

Activity in Rail remained subdued in the first half of the year, with delays to Network Rail's CP6 programme and low levels of opportunities for piling work under the current programme activities, particularly in relation to rail electrification programmes where there is strong and proven capability. The Rail business unit continued with the diversification of rig fleet capability to support contract activities in other sectors and completed significant levels of work in the highways sector in the first half of the year.

The Group's track bed stabilisation system has continued to be developed and we anticipate good growth opportunities both in the UK and overseas which is intended to provide some protection against the cyclical level of rail contract activity in the UK.

The lower volume of Rail work had an adverse impact on divisional revenue and margin mix. However, contract margins remained robust despite the operational challenges from COVID-19 and overhead costs were mitigated where possible, resulting in an improved operating margin and an improved underlying operating profit of £799k (H1 2020: £394k).

Ground Engineering Services

The division, comprising Housing and Strata business units, reported a 30% decrease in revenue to £11.7m (H1 2020: £16.9m) in the period, primarily due to the significant impact of COVID-19 on housebuilders' activity during the first lockdown.

All operational sites within the Housing business unit were closed during April 2020, followed by a steady reopening of sites and subsequent recovery of activity during the period, in line with government guidance. Whilst there remains some market uncertainty in the residential sector, revenue recovered to near pre-COVID levels by the end of the period.

Strata saw stable revenues in the period, despite some short-term challenges caused by site closures during the first quarter. The Group continued to develop a strong reputation for its capability being able to offer customers end-to-end solutions of ground investigation and piling works. Notable progress was made in the Highways sector including the award of two of three regions of Highways England's national ground investigation framework which mobilised in the period.

The impact of the lower revenue in the period was partially offset by improved contract margins as a result of successful restructuring within the Housing division and improved operational efficiencies. Lower activity impacted overhead recovery with the result being an underlying operating loss of £110k (H1 2020: underlying operating profit of £804k). Operating margins are expected to recover as volumes stabilise.

Strategic overview

Despite the challenges faced in the period, the long-term opportunities for the Group are undiminished and the strategy remains unchanged. Our strategy is focused on twin workstreams targeted on delivering sustainable, profitable growth in the medium term:

1. Phase 1 focuses on improving the operational performance of the business through simplifying the structure, addressing operational weaknesses, improving leadership capability, strengthening commercial capability, cost reduction, efficiency improvements and employee engagement activities. Further progress has been made in the period and this phase is substantially complete.

2. Phase 2 positions the Group for future growth by developing clear strategic plans for our core sectors of residential, infrastructure and regional construction, developing customer account plans and relationships, maximising our integrated solutions offering, broadening our range of products and services, and extending our geographical footprint into high growth markets across the UK. Despite the distractions caused during the year by COVID-19 the Group has made continued progress against these objectives.

3. Phase 3 of the strategy targets sustainable, profitable growth as the Group capitalises on the potential opportunities presented by construction market recovery with medium term objectives set out in the Group's statement of 9 April 2020, being: revenue growth of 5-10% per annum, underlying operating margins of 7-8% and a return on capital employed of 15-20%. The Group will track these additional performance targets to assist with measuring the success of strategic progress.

Market overview

Notwithstanding the impact of COVID-19 in the period, the Group's markets continue to offer considerable long-term opportunity to support the delivery of its strategic objectives.

The Group experienced a relatively resilient infrastructure sector compared to the residential and construction sectors in the period, and the mid-term outlook remains positive, with considerable UK investment expected to facilitate higher margin specialist services. In highways, the Group successfully delivered several Smart Motorway projects where it enjoys a market leading position. The announcement of Highways England's 10-year Smart Motorways Alliance and the commencement of works on High Speed 2 offer considerable opportunity for the Group. In Rail, the Group secured its 170th station project but on-track works remained subdued as delays to Network Rail's CP6 programme impacted workload. While customer development for CP6 continues, the Group is focused on multiple market opportunities, and re-allocation of resources to the highways sector has ensured the retention of all key resources to enable the expected improvement in rail activity going into FY2022.

The regional construction market has been and remains highly competitive, but due to closer working relationships with customers, the Group has secured several good quality projects and has improved its execution compared to last year. The Group is not expecting a material improvement in regional construction markets in the second half, although some sub-sectors, such as industrial warehousing, remain buoyant and further confidence is expected to return following maturity of COVID-19 working protocols and the Brexit trade agreement.

The residential market continues to offer growth opportunities to the Group, both in private housing and larger scale residential and retirement sectors. New housebuilding activity levels have proved resilient since the closure of sites in April and May 2020 and the Group is confident that its modular foundation systems will continue to be popular with housebuilders due to the benefits of reduced time, cost and on-site resource levels.

Board changes
As previously announced, Frank Nelson joined the Group as Non-Executive Director and Chair designate on 1 July 2020. Frank assumed the role of Chair following the release of the full year results in August 2020.

Adrian Barden and Robin Williams retired from the Board in August 2020.

Dividend
At the 2020 full year results release, the Board did not recommend a final dividend for FY2020, noting the importance of prudent cash management as the Group's markets recover from the COVID-19 pandemic. Whilst the Group's financial position has strengthened in the first half, the Board recognises that a capital raise was completed in April 2020 and the Group has also received monies (£1.3m in the period) from claims under the government's Job Retention Scheme.

Given the short-term risks presented by the evolving COVID-19 backdrop, the Board is not declaring an interim dividend for FY2021.

The Board fully recognises the importance of dividends to shareholders and will review the dividend approach once the current period of disruption has passed.

Current trading and outlook
Operationally, considerable progress has been made in delivering the Group Strategy, with Phase 1 substantially complete and Phase 2 well underway. Positive effects of these changes are already being seen in both the operational and commercial performance of the business.

Post the period end, trading has remained in line with Board expectations, with a typical reduction in activity in several sectors during December and January as a result of Christmas closures and normal seasonal factors. Specific rail activity through November and during the Christmas holiday period included major works successfully delivered at Gatwick station for Costain, albeit on-track rail activity remains subdued as described previously.

Assuming the current national lockdown does not result in construction site closures or significant delays in customer decision making, workload in all divisions is expected to broadly return to Q2 levels during the course of Q4, including the commencement of several key projects in General Piling. On this basis, the Board anticipates delivering an underlying result for the year slightly ahead of current market expectations.

The roll out of the COVID-19 vaccine programme provides encouragement that disruption will reduce in the coming months and that we can enter FY22 with strong momentum, buoyed by the ongoing priority being placed on infrastructure and residential sector investment.

Mark Cutler
Chief Executive Officer
19 January 2021

Consolidated statement of comprehensive income

	Note	**6 months to 31 Oct 2020 (unaudited)**	6 months to 31 Oct 2019 (unaudited)	12 months to 30 Apr 2020 (audited)
Revenue	3	**38,323**	48,524	84,373
Cost of sales		**(27,727)**	(35,282)	(61,794)
Gross profit		**10,596**	13,242	22,579
Administrative expenses		**(11,071)**	(11,904)	(25,131)
Credit loss impairment charge		**(82)**	(109)	(299)
Other operating income		**120**	-	1,242
Operating (loss)/profit		**(437)**	1,229	(1,609)
Operating (loss)/profit before share-based payments and other non underlying items		**(359)**	1,455	(257)
Share-based payments		**(78)**	(80)	(116)
Other non underlying items	4	**-**	(146)	(1,236)
Operating (loss)/profit		**(437)**	1,229	(1,609)
Finance expense		**(293)**	(322)	(654)
Finance income		**9**	12	24
(Loss)/profit before tax		**(721)**	919	(2,239)
Income tax expense		**138**	(175)	(216)
(Loss)/profit after tax and total comprehensive (loss)/income for the year attributable to shareholders of the parent		**(583)**	744	(2,455)
Earnings per share (pence)				
Basic	5	**(0.5)**	0.9	(3.0)
Diluted	5	**(0.5)**	0.9	(3.0)

All amounts relate to continuing operations. There was no other comprehensive income in either the current or preceding year.

Consolidated statement of financial position

	6 months to 31 Oct 2020 (unaudited)	6 months to 31 Oct 2019 (unaudited)	12 months to 30 Apr 2020 (audited)
Non-current assets			
Property, plant and equipment	**16,892**	19,150	18,297
Right of use assets	**19,460**	22,987	20,269
Investment property	**829**	-	829
Intangible assets	**1,452**	2,685	1,517
	38,633	44,822	40,912
Current assets			
Inventories	**2,589**	2,960	2,702
Trade and other receivables	**19,535**	21,931	12,633
Corporation tax receivable	**-**	-	854
Cash and cash equivalents	**9,844**	3,949	12,188
Assets classified as held for sale	**683**	-	683
	32,651	28,840	29,060
Total assets	**71,284**	73,662	69,972
Current liabilities			
Trade and other payables	**15,525**	15,922	11,579
Loans and borrowings	**-**	900	-
Lease liabilities	**3,264**	4,331	3,875
Provisions	**341**	236	241
Corporation tax payable	**-**	6	-
	19,130	21,395	15,695
Non-current liabilities			
Lease liabilities	**5,963**	9,121	7,461
Deferred tax	**1,452**	1,061	1,572
	7,415	10,182	9,033
Total liabilities	**26,545**	31,577	24,728
Net assets	**44,739**	42,085	45,244
Equity			
Share capital	**2,133**	1,600	2,133
Share premium	**8,633**	8,633	8,633
Other reserve	**5,807**	-	5,807
Retained earnings	**28,166**	31,834	28,671
Non-controlling interest	**-**	18	-
Total equity	**44,739**	42,085	45,244

Consolidated statement of cash flows

	6 months to 31 Oct 2020 (unaudited)	6 months to 31 Oct 2019 (unaudited)	12 months to 30 Apr 2020 (audited)
Cash flows from operating activities			
Cash generated from operations	(756)	1,403	8,113
Interest received	-	12	-
Interest paid	-	(322)	-
Income tax received / (paid)	872	(287)	(679)
Net cash generated from operating activities	116	806	7,434
Cash flows from investing activities			
Purchases of property, plant and equipment	(273)	(1,376)	(2,373)
Disposal of property, plant and equipment	206	354	467
Purchases of intangibles	-	(422)	(418)
Net cash absorbed in investing activities	(67)	(1,444)	(2,324)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	-	-	6,666
Share issue transaction costs	-	-	(326)
Repayment of bank borrowings	-	(75)	(975)
Repayments of Invest to Grow loan	-	(15)	(15)
Principal paid on lease liabilities	(2,109)	(2,520)	(4,839)
Interest paid on lease liabilities	(285)	-	(612)
Interest paid on loans and borrowings	(8)	-	(42)
Interest received	9	-	24
Dividends paid	-	(800)	(800)
Net cash absorbed in financing activities	(2,393)	(3,410)	(919)
Net increase/(decrease) in cash and cash equivalents	(2,344)	(4,048)	4,191
Cash and cash equivalents at beginning of year	12,188	7,997	7,997
Cash and cash equivalents at end of year	9,844	3,949	12,188

Consolidated statement of changes in equity

	Share Capital £'000	Share premium £'000	Other reserve £'000	Non-controlling interest £'000	Retained earnings £'000	Total equity £'000
Balance at 1 May 2019 (audited)	**1,600**	**8,633**	-	**18**	**31,810**	**42,061**
Total comprehensive income	-	-	-	-	744	744
Share-based payment expense	-	-	-	-	80	80
Dividends paid	-	-	-	-	(800)	(800)
Balance at 31 October 2019 (unaudited)	**1,600**	**8,633**	**-**	**18**	**31,834**	**42,085**
Total comprehensive income	-	-	-	-	(3,199)	(3,199)
Share-based payment expense	-	-	-	-	36	36
Issue of share capital	533	-	6,133	-	-	6,666
Share issue costs	-	-	(326)	-	-	(326)
Write-off of non-controlling interest	-	-	-	(18)	-	(18)
Balance at 30 April 2020 (audited)	**2,133**	**8,633**	**5,807**	-	**28,671**	**45,244**
Total comprehensive income	-	-	-	-	(583)	(583)
Share-based payment expense	-	-	-	-	78	78
Balance at 31 October 2020 (unaudited)	**2,133**	**8,633**	**5,807**	**-**	**28,166**	**44,739**

Notes to the interim results

For the six months ended 31 October 2020

1. Basis of preparation

The unaudited interim consolidated statement of Van Elle Holdings plc is for the six months ended 31 October 2020 and do not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006. These consolidated financial statements have been prepared in compliance with the recognition and measurement requirement of International Accounting Standards in conformity with the requirements of the Companies Act 2006. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the group's annual report. The unaudited interim consolidated statement has been prepared in accordance with the accounting policies that are expected to be applied in the report and accounts for the year ending 30 April 2021.

The comparative figures for the year ended 30 April 2020 do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but they have been derived from the audited financial statements for that year, which have been filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006 not a reference to any matters which the auditor drew attention by way of emphasis of matter without qualifying their report.

Going Concern

As part of the going concern assessment for the year ending 30 April 2020 detailed forecasts, reflecting a prudent view of performance given the unknown market conditions following COVID-19, were prepared. Sensitivity analysis was performed including the modelling of a second wave of COVID-19 in half two of FY2021 and reverse stress testing was applied.

The first quarter of the financial year ending 30 April 2021 was significantly impacted by the downturn in the wider construction market caused by COVID-19 restrictions. In quarter two trading returned to pre-COVID levels and the Group returned to profitability. Further national lockdowns in November 2020 and January 2021 have, so far, had limited impact on the construction sector and the Group as government policy has allowed construction activity to continue. As such, the Board does not anticipate a material reduction in trading during the current lockdown as long as this policy remains.

The Group has maintained a strong cash balance of £9.8m at the end of the period and has significant additional headroom as a result of a new asset-based lending facility of up to £11m established in October 2020. On commencement of the new asset-based lending facility the Group's overdraft facility of £2.5m with Lloyds came to an end. The Group continues to report a net funds position due to the repayment of all outstanding loans in FY2020 and the continued reduction in HP debt finance.

As part of the interim going concern assessment, forecasts for the 12 months ending January 2022 have been prepared which demonstrate that the Group is able to operate within it's existing facilities and meet obligations as they fall due.

On this basis the Board consider the Group to have adequate resources to continue its operations for the foreseeable future. Accordingly, the Board continue to adopt the going concern basis in preparing the interim financial statements.

Accounting Policies

The accounting policies adopted in the preparation of the unaudited Group interim consolidated statement to 31 October 2020 are consistent with the policies applied by the Group in its consolidated financial statements as at, and for the year ended 30 April 2020.

Functional currency

The unaudited interim consolidated statements are presented in Sterling, which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

2. Segment information

The Group evaluates segmental performance based on profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses, such as goodwill impairment, and the effects of share-based payments. Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. Loans and borrowings, insurances and head office central services costs are allocated to the segments based on levels of turnover. All turnover and operations are based in the UK.

Operating segments – 6 months to 31 October 2020

	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Revenue	**13,800**	**12,735**	**11,740**	**48**	**38,323**
Other operating income	**-**	**-**	**-**	**120**	**120**
Underlying operating profit	**163**	**799**	**(110)**	**(1,211)**	**(359)**
Share-based payments	**-**	**-**	**-**	**(78)**	**(78)**
Operating profit	**163**	**799**	**(110)**	**(1,289)**	**(437)**
Finance expense	**-**	**-**	**-**	**(293)**	**(293)**
Finance income	**-**	**-**	**-**	**9**	**9**
Profit before tax	**163**	**799**	**(110)**	**(1,573)**	**(721)**
Assets					
Property, plant and equipment (including right of use assets)	**8,628**	**10,699**	**7,234**	**9,791**	**36,352**
Intangible assets	**30**	**1,130**	**274**	**18**	**1,452**
Inventories	**1,084**	**643**	**847**	**15**	**2,589**
Reportable segment assets	**9,742**	**12,472**	**8,355**	**9,824**	**40,393**
Investment property	**-**	**-**	**-**	**829**	**829**
Trade and other receivables	**-**	**-**	**-**	**19,535**	**19,535**
Cash and cash equivalents	**-**	**-**	**-**	**9,844**	**9,844**
Assets classified as held for sale	**-**	**-**	**-**	**683**	**683**
Total assets	**9,742**	**12,472**	**8,355**	**40,715**	**71,284**
Liabilities					
Trade and other payables	**-**	**-**	**-**	**15,525**	**15,525**
Provisions	**-**	**-**	**-**	**341**	**341**
Lease liabilities	**-**	**-**	**-**	**9,227**	**9,227**
Deferred tax	**-**	**-**	**-**	**1,452**	**1,452**
Total liabilities	**-**	**-**	**-**	**26,545**	**26,545**
Other information					
Capital expenditure	**-**	**-**	**176**	**97**	**273**
Depreciation/amortisation	**559**	**794**	**482**	**500**	**2,335**

There are no individual customers accounting for more than 10% of Group revenue in either the current or preceding period.

Operating segments – 6 months to 31 October 2019

	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Revenue	17,661	13,950	16,855	58	48,524
Underlying operating profit	227	394	804	30	1,455
Share-based payments	-	-	-	(80)	(80)
Other non-underlying items	(8)	(93)	-	(45)	(146)
Operating profit	219	301	804	(95)	1,229
Finance expense	-	-	-	(322)	(322)
Finance income	-	-	-	12	12
Profit before tax	219	301	804	(405)	919
Assets					
Property, plant and equipment (including right of use assets)	9,746	11,877	7,865	12,649	42,137
Intangible assets	1,138	1,185	308	54	2,685
Inventories	1,058	720	1,165	17	2,960
Reportable segment assets	11,942	13,782	9,338	12,720	47,782
Trade and other receivables	-	-	-	21,931	21,931
Cash and cash equivalents	-	-	-	3,949	3,949
Total assets	11,942	13,782	9,338	38,600	73,662
Liabilities					
Trade and other payables	-	-	-	15,928	15,928
Provisions	-	-	-	236	236
Loans and borrowings	-	-	-	14,352	14,352
Deferred tax	-	-	-	1,061	1,061
Total liabilities	-	-	-	31,577	31,577
Other information					
Capital expenditure	25	404	1,885	3,795	6,109
Depreciation/amortisation	575	779	385	511	2,250

There are no individual customers accounting for more than 10% of Group revenue in either the current or preceding period.

Operating segments – 12 months to 30 April 2020

	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Revenue	29,314	25,359	29,565	135	84,373
Other operating income	-	-	-	1,242	1,242
Underlying operating profit	(897)	334	240	66	(257)
Share-based payments	-	-	-	(116)	(116)
Other non-underlying items	(1,101)	-	-	(135)	(1,236)
Operating profit	(1,998)	334	240	(185)	(1,609)
Finance expense	-	-	-	(654)	(654)
Finance income	-	-	-	24	24
Profit before tax	(1,998)	334	240	(815)	(2,239)
Assets					
Property, plant and equipment (including right of use assets)	9,180	11,577	7,538	10,271	38,566
Intangible assets	32	1,160	290	35	1,517
Inventories	1,269	644	779	10	2,702
Reportable segment assets	10,481	13,381	8,607	10,316	42,785
Investment property	-	-	-	829	829
Trade and other receivables	-	-	-	13,487	13,487
Cash and cash equivalents	-	-	-	12,188	12,188
Assets classified as held for sale	-	-	-	683	683
Total assets	10,481	13,381	8,607	37,503	69,972
Liabilities					
Trade and other payables	-	-	-	11,579	11,579
Provisions	-	-	-	241	241
Lease liabilities	-	-	-	11,336	11,336
Deferred tax	-	-	-	1,572	1,572
Total liabilities	-	-	-	24,728	24,728
Other information					
Capital expenditure	137	835	2,645	149	3,766
Depreciation/amortisation	1,141	1,612	830	1,039	4,622

There are no individual customers accounting for more than 10% of Group revenue in either the current or preceding year.

3. Revenue from contracts with customers

Disaggregation of revenue – 31 October 2020

End market	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Residential	**4,500**	**2,700**	**9,836**	**-**	**17,036**
Infrastructure	**3,824**	**8,655**	**1,170**	**-**	**13,649**
Regional construction	**5,454**	**1,380**	**732**	**-**	**7,566**
Other	**22**	**-**	**2**	**48**	**72**
Total	**13,800**	**12,735**	**11,740**	**48**	**38,323**

Disaggregation of revenue – 31 October 2019

End market	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Residential	8,569	1,447	14,903	-	24,919
Infrastructure	953	10,361	1,249	-	12,563
Regional construction	8,139	2,107	691	-	10,937
Other	-	35	70	-	105
Total	17,661	13,950	16,913	-	48,524

Disaggregation of revenue – 30 April 2020

End market	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Residential	13,677	2,523	25,101	-	41,301
Infrastructure	2,215	19,088	2,671	-	23,974
Regional construction	13,292	3,645	1,791	-	18,728
Other	130	103	2	135	370
Total	29,314	25,359	29,565	135	84,373

Contract assets

	6 months to 31 Oct 2020 (unaudited)	6 months to 31 Oct 2019 (unaudited)	12 months to 30 Apr 2020 (audited)
As at 1 May	**1,258**	1,771	1,771
Transfers from contract assets to trade receivables	**(1,258)**	(1,771)	(1,771)
Excess of revenue recognised over invoiced	**2,179**	2,906	1,258
Impairment of contract assets	**-**	-	-
As at 31 October / 30 April	**2,179**	2,906	1,258

Contract liabilities

	6 months to 31 Oct 2020 (unaudited)	6 months to 31 Oct 2019 (unaudited)	12 months to 30 Apr 2020 (audited)
As at 1 May	**228**	291	291
Interest on contract liabilities	**-**	-	-
Contract liabilities recognised as revenue in the period	**(28)**	(91)	(91)
Deposits received in advance of performance	**57**	159	28
As at 31 October / 30 April	**257**	359	228

4. Other non-underlying items

	6 months to 31 Oct 2020 (unaudited)	6 months to 31 Oct 2019 (unaudited)	12 months to 30 Apr 2020 (audited)
Exceptional costs	-	146	652
Impairment of property	-	-	486
Impairment of goodwill	-	-	1,101
Research and development expenditure credits relating to prior years	-	-	(1,003)
	-	146	1,236

Exceptional costs for the six months to 31 October 2019 related to restructuring and redundancy costs as the Group was streamlined from eight to five divisions.

Exceptional costs for the year ended 30 April 2020 relate to restructuring including redundancy and CEO compensation as the Group made the final changes to the operating divisions, the streamlining of which began in 2018, and costs incurred in the resolution of the technical compliance irregularity concerning the final dividend for the year ended 30 April 2019.

The Group vacated the site located at Pinxton during the year ended 30 April 2020 and sub-let the site to a third party. The valuation of the site undertaken to establish rental values indicated impairment of the property. An impairment loss of £486,000 was recognised in respect of this investment property.

The goodwill allocated to the General Piling division was impaired by £1,101,000 during the year ended 30 April 2020. This impairment is considered to be non-underlying.

Income in respect of a research and development expenditure credit claim relating to financial years ending 2018 and 2019 is considered to be non-underlying in the year ended 30 April 2020 as it relates to previous financial years.

5. Earnings per share

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

	6 months to 31 Oct 2020 (unaudited)	6 months to 31 Oct 2019 (unaudited)	12 months to 30 Apr 2020 (audited)
Basic weighted average number of shares	**106,667**	80,000	81,534

	£'000	£'000	£'000
(Loss)/profit for the year	**(583)**	744	(2,455)
Add back/(deduct):			
Share-based payments	**78**	80	116
Other non-underlying items	**-**	146	1,236
Tax effect of the above	**-**	(28)	(124)
Underlying (loss)/profit for the year	**(505)**	942	(1,227)

	Pence	Pence	Pence
Earnings per share			
Basic	**(0.5)**	0.9	(3.0)
Diluted	**(0.5)**	0.9	(3.0)
Basic – excluding share-based payments and other non-underlying items	**(0.5)**	1.2	(1.5)
Diluted – excluding share-based payments and other non-underlying items	**(0.5)**	1.2	(1.5)

There is no dilutive effect of the share options given the loss in the half year and as the performance conditions remain unsatisfied or the share price was below the exercise price.

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders and on 106,666,650 ordinary shares (6 months ended 31 October 2019: 80,000,000 and 12 months ended 30 April 2020: 81,534,246), being the weighted average number of ordinary shares.

The underlying earnings per share is based on profit adjusted for share-based payment charges and other non underlying items, net of tax, and on the same weighted average number of shares used in the basic earnings per share calculation above. The Directors consider that this measure provides an additional indicator of the underlying performance of the Group.

6. Cash generated from operations

	6 months to 31 Oct 2020 (unaudited)	6 months to 31 Oct 2019 (unaudited)	12 months to 30 Apr 2020 (audited)
Operating profit	**(437)**	1,229	(1,609)
Adjustments for:			
Depreciation of property, plant and equipment	**2,269**	2,224	4,533
Amortisation of intangible assets	**66**	26	89
Impairment of investment property	**-**	-	486
Impairment of assets available for sale	**-**	-	36
Impairment of goodwill	**-**	-	1,101
Profit on disposal of property, plant and equipment	**11**	(120)	(107)
Write off of non-controlling interest	**-**	-	(18)
Share-based payment expense	**78**	80	116
Operating cash flows before movement in working capital	**1,987**	3,439	4,627
Decrease/(increase) in inventories	**113**	(78)	180
Decrease in trade and other receivables	**(6,902)**	(1,372)	7,925
Decrease in trade and other payables	**3,946**	(586)	(4,624)
Increase/(decrease) in provisions	**100**	-	5
Cash generated from operations	**(756)**	1,403	8,113

7. Analysis of cash and cash equivalents and reconciliation to net debt

	6 months to 31 Oct 2020 (unaudited)	6 months to 31 Oct 2019 (unaudited)	12 months to 30 Apr 2020 (audited)
Cash at bank	**9,808**	3,901	12,151
Cash in hand	**36**	48	37
Cash and cash equivalents	**9,844**	3,949	12,188
Bank loans secured	**-**	(900)	-
Other loans secured	**-**	-	-
Lease liabilities	**(9,227)**	(13,452)	(11,336)
Net funds/(debt)	**617**	(10,403)	852
Net funds/(debt) excl. IFRS 16 property lease liabilities	**4,547**	(6,446)	4,811

INDEPENDENT REVIEW REPORT TO VAN ELLE HOLDINGS PLC

Introduction

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 October 2020 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes.

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.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

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 Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, 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 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 October 2020 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
Nottingham
19 January 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).