



DEWHURST plc
INTERIM REPORT
2017

Dewhurst plc - Interim Results for the 6 months ended 31 March 2017

Directors' Interim Report

FIRST HALF

The board is pleased to report record interim sales and profits for the Group's half year results to 31 March 2017. Overall, Group revenue increased 22% to £26.1 million (2016: £21.3 million), with profit before tax increasing by 76% to £3.0 million (2016: £1.7 million). Adjusted operating profit* of £3.1 million (2016: £1.9 million) is also up 61% on last year and earnings per share rose to 25.8p (2016: 13.1p). The Group balance sheet remains strong with cash at the period end of £16.0 million (2016: £14.0 million).

The weaker pound continued to benefit our reported figures throughout the period. Currency movements increased Group revenue by approximately £2.6 million in the first half. However we also achieved growth in local sales values at all our companies other than those in North America, which fell back slightly. At constant currency, the main revenue improvements were at the Transport and Keypad Divisions, which both achieved double digit growth; the Lift Division overall grew by around 5%, including a first time contribution of £0.4 million from the acquisition of P&R in Australia.

OUTLOOK

After strong first half sales, the UK seems to be pausing at the moment. Whether this is a short term lull or a longer term trend is not yet clear. But it is possible that the greater political and economic uncertainty in the UK since the general election may cause nervousness in our markets. Overseas the outlook is more positive. We have seen a good recovery in the last couple of months in some areas of North America, but it is not across the board. Demand in Australia, on the other hand, continues to be positive in all areas. The pound has strengthened a little against our main operating currencies since the end of March and that will, if maintained, reduce second half reported sales and profits. However the Directors believe that the underlying performance of the Group as a whole is encouraging.

DIVIDENDS

The Directors have declared an interim dividend of 3.50p per ordinary share (2016: 3.00p) which amounts to £295,000 (2016: £254,000). The interim dividend is payable on 22 August 2017 and will be posted on 17 August 2017 to shareholders appearing in the Register on 7 July 2017 (ex-dividend date being 6 July 2017).

A final 2016 dividend of 8.00p (2015: 10.00p) which amounted to £678,000 (2015: £847,000) was approved at the AGM held on 7 February 2017 and was paid on 15 February 2017 to members on the register at 20 January 2017.

By Order of the Board

J C SINCLAIR

Finance Director & Secretary
12 June 2017

* Operating profit before amortisation of acquired intangibles

Dewhurst plc

The unaudited consolidated statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement of Dewhurst plc and its subsidiaries for the half-year ended 31 March 2017, as compared with the corresponding half-year ended 31 March 2016 and the year ended 30 September 2016, shows the following results:

Consolidated statement of comprehensive income

	Half year ended 31 March 2017 £000's	Half year ended 31 March 2016 £000's	Year ended 30 September 2016 £000's
Continuing operations			
Revenue	26,070	21,332	47,159
Operating costs	(22,960)	(19,488)	(41,749)
Adjusted operating profit*	3,110	1,931	5,502
Amortisation of acquired intangibles	-	(87)	(92)
Operating profit	3,110	1,844	5,410
Finance income	52	62	126
Finance costs	(204)	(226)	(451)
Profit before taxation	2,958	1,680	5,085
Taxation	Est. (773)	Est. (571)	(1,577)
Profit for the financial period	2,185	1,109	3,508
Other comprehensive income:			
Actuarial gains/(losses) on the defined benefit pension scheme	Est. 1,009	Est. (1,249)	(5,071)
Current tax effect	-	-	-
Deferred tax effect	(172)	225	862
Total that will not be subsequently reclassified to income statement	837	(1,024)	(4,209)
Exchange differences on translation of foreign operations	577	1,247	2,621
Deferred tax effect	(98)	(224)	(446)
Total that may be subsequently reclassified to income statement	479	1,023	2,175
Other comprehensive income/(expense) for the period, net of tax	1,316	(1)	(2,034)
Total comprehensive income for the period	3,501	1,108	1,474
Profit for the period attributable to:			
Equity shareholders of the company	2,112	1,079	3,453
Non-controlling interests	73	30	55
	2,185	1,109	3,508
Total comprehensive income for the period attributable to:			
Equity shareholders of the company	3,396	1,006	1,289
Non-controlling interests	105	102	185
	3,501	1,108	1,474
Basic and diluted earnings per share	25.82p	13.09p	40.75p
Dividends per share	3.50p	3.00p	11.00p

* Operating profit before amortisation of acquired intangibles

Consolidated balance sheet

	Half year ended 31 March 2017 £000's	Half year ended 31 March 2016 £000's	Year ended 30 September 2016 £000's
Non-current assets			
Goodwill	4,829	3,096	3,444
Other intangibles	89	90	91
Property, plant and equipment	9,554	9,139	9,240
Deferred tax asset	2,086	2,350	2,423
	16,558	14,675	15,198
Current assets			
Inventories	5,108	4,346	4,863
Trade and other receivables	11,275	9,515	10,301
Cash and cash equivalents	16,010	14,038	16,674
	32,393	27,899	31,838
Total assets	48,951	42,574	47,036
Current liabilities			
Trade and other payables	5,824	4,196	5,365
Current tax liabilities	223	443	164
Short-term provisions	544	428	554
	6,591	5,067	6,083
Non-current liabilities			
Retirement benefit obligation	14,890	12,994	16,373
Total liabilities	21,481	18,061	22,456
Net assets	27,470	24,513	24,580
Equity			
Share capital	842	847	847
Share premium account	157	157	157
Capital redemption reserve	295	290	290
Translation reserve	2,481	940	2,034
Retained earnings	22,717	21,729	20,663
Total attributable to equity shareholders of the company	26,492	23,963	23,991
Non-controlling interests	978	550	589
Total equity	27,470	24,513	24,580

Consolidated statement of changes in equity

For the period ended 31 March 2017

	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Translation reserve £(000)	Retained earnings £(000)	Non controlling interest £(000)	Total equity £(000)
At 1 October 2016	847	157	290	2,034	20,663	589	24,580
Profit for the period	–	–	–	–	2,112	73	2,185
<u>Other comprehensive income and expense</u>							
Exchange differences on translation of foreign operations	–	–	–	545	–	32	577
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	1,009	–	1,009
Deferred tax effect	–	–	–	(98)	(172)	–	(270)
Total comprehensive income	–	–	–	447	2,949	105	3,501
Shares repurchased	(5)	–	5	–	(217)	–	(217)
Shares Issued ²	–	–	–	–	–	311	311
Dividends paid	–	–	–	–	(678)	(27)	(705)
At 31 March 2017	842	157	295	2,481	22,717	978	27,470

For the period ended 31 March 2016

	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Translation reserve £(000)	Retained earnings £(000)	Non controlling interest £(000)	Total equity £(000)
At 1 October 2015	847	157	290	(11)	22,521	534	24,338
Profit for the period	–	–	–	–	1,079	30	1,109
<u>Other comprehensive income and expense</u>							
Exchange differences on translation of foreign operations	–	–	–	1,175	–	72	1,247
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	(1,249)	–	(1,249)
Deferred tax effect	–	–	–	(224)	225	–	1
Total comprehensive income	–	–	–	951	55	102	1,108
Shares repaid ¹	–	–	–	–	–	(86)	(86)
Dividends paid	–	–	–	–	(847)	–	(847)
At 31 March 2016	847	157	290	940	21,729	550	24,513

¹ This relates to Dual Engraving Pty Ltd repurchasing shares from Michael Cook (held by D.E. Corporate Pty Ltd) in proportion to his 30% non-controlling interest.

² This relates to P&R Liftcars Pty Ltd selling shares to Roy Peat in proportion to his 25% non-controlling interest.

Consolidated statement of changes in equity (cont'd)

For the year ended 30 September 2016

	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Translation reserve £(000)	Retained earnings £(000)	Non controlling interest £(000)	Total equity £(000)
At 1 October 2015	847	157	290	(11)	22,521	534	24,338
Profit for the year	–	–	–	–	3,453	55	3,508
<u>Other comprehensive income and expense</u>							
Exchange differences on translation of foreign operations	–	–	–	2,491	–	130	2,621
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	(5,071)	–	(5,071)
Deferred tax effect	–	–	–	(446)	862	–	416
Total comprehensive income	–	–	–	2,045	(756)	185	1,474
Shares repaid ¹	–	–	–	–	–	(86)	(86)
Dividends paid	–	–	–	–	(1,102)	(44)	(1,146)
At 30 September 2016	847	157	290	2,034	20,663	589	24,580

¹ This relates to Dual Engraving Pty Ltd repurchasing shares from Michael Cook (held by D.E. Corporate Pty Ltd) in proportion to his 30% non-controlling interest.

These half-year abbreviated financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The results for the year ended 30 September 2016 set out above are abridged. Full accounts for that year reported under IFRS, on which the auditors of the Company made an unqualified report have been delivered to the Registrar of Companies.

The presentation of these Interim Financial Statements is consistent with the 2016 Financial Statements and its accounting policies, but where necessary comparative information has been reclassified or expanded from the 2016 Interim Financial Statements to take into account any presentational changes made in the 2016 Financial Statements or in these Interim Financial Statements.

Consolidated cash flow statement

	Half year ended 31 March 2017 £000's	Half year ended 31 March 2016 £000's	Year ended 30 September 2016 £000's
Cash flows from operating activities			
Operating profit	3,110	1,844	5,410
Depreciation and amortisation	406	418	907
Additional contributions to pension scheme	(673)	(662)	(1,346)
Exchange adjustments	178	201	383
(Profit)/loss on disposal of property, plant and equipment	(9)	(8)	(10)
	3,012	1,793	5,344
(Increase)/decrease in inventories	(8)	405	(112)
(Increase)/decrease in trade and other receivables	(974)	(1,459)	(2,245)
Increase/(decrease) in trade and other payables	337	(306)	863
Increase/(decrease) in provisions	(10)	110	236
Cash generated from operations	2,357	543	4,086
Tax paid	(725)	(435)	(1,302)
Net cash from operating activities	1,632	108	2,784
Cash flows from investing activities			
Acquisition of business and assets	(1,356)	–	–
Subsidiary share repurchase – non-controlling interest element ¹	–	(86)	(86)
Proceeds from sale of property, plant and equipment	25	10	18
Purchase of property, plant and equipment	(601)	(622)	(901)
Development costs capitalised	–	–	(62)
Interest received	52	62	126
Net cash generated from/(used in) investing activities	(1,880)	(636)	(905)
Cash flows from financing activities			
Issue of share capital – non-controlling interest element ²	311	–	–
Purchase of own shares	(217)	–	–
Dividends paid	(705)	(847)	(1,145)
Net cash used in financing activities	(611)	(847)	(1,145)
Net increase/(decrease) in cash and cash equivalents	(859)	(1,375)	734
Cash and cash equivalents at beginning of period	16,674	14,958	14,958
Exchange adjustments on cash and cash equivalents	195	455	982
Cash and cash equivalents at end of period	16,010	14,038	16,674

¹ This relates to Dual Engraving Pty Ltd repurchasing shares from Michael Cook (held by D.E. Corporate Pty Ltd) in proportion to his 30% non-controlling interest.

² This relates to P&R Liftcars Pty Ltd selling shares to Roy Peat in proportion to his 25% non-controlling interest.

Board of Directors

Richard Dewhurst, B.A.(Eng. Sc.), A.C.M.A. Chairman

David Dewhurst, B.Sc.(Eng.)

Richard Young, B.Sc., MBA, C.Eng., M.I.E.T.

Jared Sinclair, B.Sc., A.C.A

Peter Tett, M.A., M.Sc.

John Bailey

Non-executive

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Registrars

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Overseas representation:

The Group maintains overseas representation in major countries throughout the world