



**DEWHURST plc**  
**INTERIM REPORT**  
**2018**

## Dewhurst plc - Interim Results for the 6 months ended 31 March 2018

### Directors' Interim Report

#### **FIRST HALF**

Although sales and profit fell in the first half of the year, on a constant currency basis and adjusting for a divested business, underlying sales were actually slightly up. Overall, Group revenue decreased by 5% to £24.7 million (2017: £26.1 million) and profit before tax decreased 4% to £2.8 million (2017: £3.0 million). Operating profit of £2.5 million (2017: £3.1 million) is down 19% on last year with earnings per share declining to 23.2p (2017: 25.8p).

As mentioned in the 2017 Full Year Statement, demand for keypads was weaker and this continued through the first half of 2018 and was the most significant contributor to the lower sales. Another significant negative impact on the results was the strengthening of Sterling. The currency movements had a 5% negative impact on both sales and profits to the value of £1.0 million and £0.2 million respectively. In addition we sold the door and cab division of ERM which reduced sales by £1.1m in the period. Elsewhere, Canada continued its strong growth, the UK businesses varied but overall were up, and Australia also varied, but with a full half year contribution from P&R was also up in total.

The Group balance sheet remains strong with cash at the period end of £18.0 million (2017: £16.0 million). In the second half, after the date of the balance sheet reported here and as announced on 4 June 2018, Dewhurst acquired A. & A. Electrical Distributors Limited (A&A). The terms of the acquisition are set out in the announcement, but it will utilise a significant amount of the Group's free cash. However the acquisition is expected to be earnings enhancing in the second half.

#### **OUTLOOK**

In most of our markets the business climate seems to be reasonably positive at present. The exception remains the UK where there is still some uncertainty about the short term and the economic situation is highly dependent on political decisions. Although keypad sales have picked up a little in the last couple of months, we do expect a declining trend on these products over the long term. However we expect to see a positive impact from the contribution of A&A. Current exchange rate levels will continue to be a drag on the Group, more so if Sterling were to further strengthen. The second half may see a period of consolidation, but on balance we are encouraged by the future growth prospects for the Group.

#### **DIVIDENDS**

The Directors have declared an interim dividend of 3.50p per ordinary share (2017: 3.50p) which amounts to £295,000 (2017: £295,000). The interim dividend is payable on 21 August 2018 and will be posted on 16 August 2018 to shareholders appearing in the Register on 6 July 2018 (ex-dividend date being 5 July 2018).

A final 2017 dividend of 8.50p (2016: 8.00p) which amounted to £716,000 (2016: £678,000) was approved at the AGM held on 8 February 2018 and was paid on 14 February 2018 to members on the register at 19 January 2018.

By Order of the Board

**J C SINCLAIR**

Finance Director & Secretary

12 June 2018

## 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 2018, as compared with the corresponding half-year ended 31 March 2017 and the year ended 30 September 2017, shows the following results:

### Consolidated statement of comprehensive income

	Half year ended 31 March 2018 £000's	Half year ended 31 March 2017 £000's	Year ended 30 September 2017 £000's
<b>Continuing operations</b>			
Revenue	24,669	26,070	52,890
Operating costs	(22,163)	(22,960)	(46,646)
<b>Operating profit</b>	<b>2,506</b>	<b>3,110</b>	<b>6,244</b>
Profit on business divestment <sup>1</sup>	439	-	-
Finance income	52	52	117
Finance costs	(152)	(204)	(395)
<b>Profit before taxation</b>	<b>2,845</b>	<b>2,958</b>	<b>5,966</b>
Taxation	Est. (894)	Est. (773)	(1,345)
<b>Profit for the financial period</b>	<b>1,951</b>	<b>2,185</b>	<b>4,621</b>
<b>Other comprehensive income:</b>			
Actuarial gains/(losses) on the defined benefit pension scheme	Est. (485)	Est. 1,009	3,672
Current tax effect	-	-	-
Deferred tax effect	82	(172)	(624)
Total that will not be subsequently reclassified to income statement	(403)	837	3,048
Exchange differences on translation of foreign operations	(1,393)	577	(104)
Deferred tax effect	237	(98)	18
Total that may be subsequently reclassified to income statement	(1,156)	479	(86)
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>(1,559)</b>	<b>1,316</b>	<b>2,962</b>
<b>Total comprehensive income for the period</b>	<b>392</b>	<b>3,501</b>	<b>7,583</b>
Profit for the period attributable to:			
Equity shareholders of the company	1,822	2,112	4,445
Non-controlling interests	129	73	176
	<b>1,951</b>	<b>2,185</b>	<b>4,621</b>
Total comprehensive income for the period attributable to:			
Equity shareholders of the company	336	3,396	7,428
Non-controlling interests	56	105	155
	<b>392</b>	<b>3,501</b>	<b>7,583</b>
<b>Basic and diluted earnings per share</b>	<b>23.16p</b>	<b>25.82p</b>	<b>52.65p</b>
<b>Dividends per share</b>	<b>3.50p</b>	<b>3.50p</b>	<b>12.00p</b>

<sup>1</sup> This relates to ERM selling its Winter & Bain division to Elevator Equipment Corporation

## Consolidated balance sheet

	Half year ended 31 March 2018 £000's	Half year ended 31 March 2017 £000's	Year ended 30 September 2017 £000's
<b>Non-current assets</b>			
Goodwill	4,252	4,829	4,575
Other intangibles	94	89	98
Property, plant and equipment	9,181	9,554	9,267
Deferred tax asset	1,850	2,086	1,641
	<b>15,377</b>	<b>16,558</b>	<b>15,581</b>
<b>Current assets</b>			
Inventories	4,947	5,108	5,566
Trade and other receivables	9,873	11,275	10,011
Cash and cash equivalents	18,006	16,010	18,087
	<b>32,826</b>	<b>32,393</b>	<b>33,664</b>
<b>Total assets</b>	<b>48,203</b>	<b>48,951</b>	<b>49,245</b>
<b>Current liabilities</b>			
Trade and other payables	5,139	5,824	5,567
Current tax liabilities	239	223	368
Short-term provisions	252	544	326
	<b>5,630</b>	<b>6,591</b>	<b>6,261</b>
<b>Non-current liabilities</b>			
Retirement benefit obligation	11,716	14,890	11,751
<b>Total liabilities</b>	<b>17,346</b>	<b>21,481</b>	<b>18,012</b>
<b>Net assets</b>	<b>30,857</b>	<b>27,470</b>	<b>31,233</b>
<b>Equity</b>			
Share capital	842	842	842
Share premium account	157	157	157
Capital redemption reserve	295	295	295
Translation reserve	886	2,481	1,969
Retained earnings	27,672	22,717	26,969
<b>Total attributable to equity shareholders of the company</b>	<b>29,852</b>	<b>26,492</b>	<b>30,232</b>
Non-controlling interests	1,005	978	1,001
<b>Total equity</b>	<b>30,857</b>	<b>27,470</b>	<b>31,233</b>

## Consolidated statement of changes in equity

For the period ended 31 March 2018

	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Translation reserve £(000)	Retained earnings £(000)	Non controlling interest £(000)	Total equity £(000)
<b>At 1 October 2017</b>	<b>842</b>	<b>157</b>	<b>295</b>	<b>1,969</b>	<b>26,969</b>	<b>1,001</b>	<b>31,233</b>
<b>Profit for the period</b>	–	–	–	–	<b>1,822</b>	<b>129</b>	<b>1,951</b>
<u>Other comprehensive income and expense</u>							
<b>Exchange differences on translation of foreign operations</b>	–	–	–	<b>(1,320)</b>	–	<b>(73)</b>	<b>(1,393)</b>
<b>Actuarial gains/(losses) on defined benefit pension scheme</b>	–	–	–	–	<b>(485)</b>	–	<b>(485)</b>
<b>Deferred tax effect</b>	–	–	–	<b>237</b>	<b>82</b>	–	<b>319</b>
<b>Total comprehensive income</b>	–	–	–	<b>(1,083)</b>	<b>1,419</b>	<b>56</b>	<b>392</b>
<b>Dividends paid</b>	–	–	–	–	<b>(716)</b>	<b>(52)</b>	<b>(768)</b>
<b>At 31 March 2018</b>	<b>842</b>	<b>157</b>	<b>295</b>	<b>886</b>	<b>27,672</b>	<b>1,005</b>	<b>30,857</b>

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

<sup>2</sup> 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 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 year	–	–	–	–	4,445	176	4,621
<u>Other comprehensive income and expense</u>							
Exchange differences on translation of foreign operations	–	–	–	(83)	–	(21)	(104)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	3,672	–	3,672
Deferred tax effect	–	–	–	18	(624)	–	(606)
Total comprehensive income	–	–	–	(65)	7,493	155	7,583
Shares repurchased	(5)	–	5	–	(217)	–	(217)
Shares issued <sup>2</sup>	–	–	–	–	–	311	311
Dividends paid	–	–	–	–	(970)	(54)	(1,024)
At 30 September 2017	842	157	295	1,969	26,969	1,001	31,233

<sup>2</sup> This relates to P&R Liftcars Pty Ltd selling shares to Roy Peat in proportion to his 25% 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 2017 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 2017 Financial Statements and its accounting policies, but where necessary comparative information has been reclassified or expanded from the 2017 Interim Financial Statements to take into account any presentational changes made in the 2017 Financial Statements or in these Interim Financial Statements.

## Consolidated cash flow statement

	Half year ended 31 March 2018 £000's	Half year ended 31 March 2017 £000's	Year ended 30 September 2017 £000's
<b>Cash flows from operating activities</b>			
Operating profit	2,506	3,110	6,244
Depreciation and amortisation	431	406	975
Additional contributions to pension scheme	(673)	(673)	(1,343)
Exchange adjustments	(706)	178	(49)
(Profit)/loss on disposal of property, plant and equipment	(9)	(9)	21
	<b>1,549</b>	<b>3,012</b>	<b>5,848</b>
(Increase)/decrease in inventories	619	(8)	(703)
(Increase)/decrease in trade and other receivables	138	(974)	290
Increase/(decrease) in trade and other payables	(428)	337	202
Increase/(decrease) in provisions	(74)	(10)	(228)
Cash generated from operations	<b>1,804</b>	<b>2,357</b>	<b>5,409</b>
Interest paid	–	–	(2)
Tax paid	(681)	(725)	(968)
<b>Net cash from operating activities</b>	<b>1,123</b>	<b>1,632</b>	<b>4,439</b>
<b>Cash flows from investing activities</b>			
Acquisition of business and assets	–	(1,356)	(933)
Proceeds from business divestment <sup>1</sup>	439	–	–
Proceeds from sale of property, plant and equipment	12	25	52
Purchase of property, plant and equipment	(554)	(601)	(978)
Development costs capitalised	–	–	(82)
Interest received	52	52	117
<b>Net cash generated from/(used in) investing activities</b>	<b>(51)</b>	<b>(1,880)</b>	<b>(1,824)</b>
<b>Cash flows from financing activities</b>			
Issue of share capital – non-controlling interest element <sup>2</sup>	–	311	–
Purchase of own shares	–	(217)	(217)
Dividends paid	(768)	(705)	(1,024)
<b>Net cash used in financing activities</b>	<b>(768)</b>	<b>(611)</b>	<b>(1,241)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>304</b>	<b>(859)</b>	<b>1,374</b>
Cash and cash equivalents at beginning of period	18,087	16,674	16,674
Exchange adjustments on cash and cash equivalents	(385)	195	39
<b>Cash and cash equivalents at end of period</b>	<b>18,006</b>	<b>16,010</b>	<b>18,087</b>

<sup>1</sup> This relates to ERM selling its Winter & Bain division to Elevator Equipment Corporation

<sup>2</sup> 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

Non-executive

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## **Registrars**

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## **Overseas representation:**

The Group maintains overseas representation in major countries throughout the world