



DEWHURST plc
INTERIM REPORT
2019

Directors' Interim Report

FIRST HALF

We are pleased to report significant growth in sales and adjusted operating profits in the first half of the year. The increase included the effect of a full six months' trading of A&A Electrical Distributors Ltd (A&A), but even allowing for this most recent acquisition, the underlying performance of the Group, particularly in Australia, was also up. Overall, Group revenue increased by 31% to £32.3 million (2018: £24.7 million) and adjusted operating profit (before acquired intangible amortisation) increased 36% to £4.0 million (2018: £2.9 million). Profit before tax increased 8% to £3.1 million (2018: £2.8 million) with earnings per share also improving to 25.0p (2018: 23.2p).

Whilst the Group's performance was encouraging in almost all areas, continued pressure on UK local authority spending, has dampened transport sales. Elsewhere, UK lift sales have so far remained resilient despite the uncertainty caused by Brexit and overseas lift sales have performed well. Keypad sales have remained stable at a similar level of sales to the second half of last year, which was a significant improvement on last year's first half. Unusually, first half currency movements have not had a material impact on the Group's revenue or profits.

The Group balance sheet remains strong with cash at the period end of £6.2 million (2018: £18.0 million). Since 31 March 2018 the Group has paid out £10.5 million on the acquisition of A&A, £2.7 million on a property for LMA and £1.2 million on land for Dupar. These key investments have utilised a significant amount of the Group's free cash but have not affected its day to day working capital requirements. The Group has been able to operate successfully without a bank overdraft facility.

OUTLOOK

Demand in most of our markets, excluding the transportation sector as noted above, is currently steady or improving. In the UK we are still faced with uncertainty regarding Brexit. We cannot tell how this might affect demand later in the second half, but we are retaining our higher inventory levels for the time being until the way forward is clearer. In Australia, the previous government has just been re-elected. As a result, it is expected that the economic climate should remain positive and the recent hesitancy in committing to some projects may be resolved. North America remains busy and the trade tensions have, so far not had an impact in our market sector. The uncertainty in the UK clouds our overall view for the future, but elsewhere we are encouraged by the prospects for the Group.

DIVIDENDS

The Directors have declared an interim dividend of 3.75p per ordinary share (2018: 3.50p) which amounts to £315,000 (2018: £295,000). The interim dividend is payable on 20 August 2019 and will be posted on 15 August 2019 to shareholders appearing in the Register on 5 July 2019 (ex-dividend date being 4 July 2019).

A final 2018 dividend of 9.00p (2017: 8.50p) which amounted to £758,000 (2017: £716,000) was approved at the AGM held on 5 February 2019 and was paid on 13 February 2019 to members on the register at 17 January 2019.

By Order of the Board

J C SINCLAIR

Finance Director & Secretary

10 June 2019

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 2019, as compared with the corresponding half-year ended 31 March 2018 and the year ended 30 September 2018, shows the following results:

Consolidated statement of comprehensive income

	Half year ended 31 March 2019 £000's	Half year ended 31 March 2018 £000's	Year ended 30 September 2018 £000's
Continuing operations			
Revenue	32,329	24,669	54,510
Operating costs	(29,158)	(21,724)	(48,322)
Adjusted operating profit	4,005	2,945	6,743
Amortisation of acquired intangibles	(834)	-	(555)
Operating profit	3,171	2,945	6,188
Finance income	13	52	86
Finance costs	(109)	(152)	(291)
Profit before taxation	3,075	2,845	5,983
Taxation	Est. (971)	Est. (894)	(1,723)
Profit for the financial period	2,104	1,951	4,260
Other comprehensive income:			
Actuarial gains/(losses) on the defined benefit pension scheme	Est. (2,831)	Est. (485)	3,080
Current tax effect	Est. 106	-	140
Deferred tax effect	481	82	(524)
Total that will not be subsequently reclassified to income statement	(2,244)	(403)	2,696
Exchange differences on translation of foreign operations	(446)	(1,393)	(727)
Total that may be subsequently reclassified to income statement	(446)	(1,393)	(727)
Other comprehensive income/(expense) for the period, net of tax	(2,690)	(1,796)	1,969
Total comprehensive income for the period	(586)	155	6,229
Profit for the period attributable to:			
Equity shareholders of the company	1,931	1,822	4,039
Non-controlling interests	173	129	221
	2,104	1,951	4,260
Total comprehensive income for the period attributable to:			
Equity shareholders of the company	(732)	99	6,070
Non-controlling interests	146	56	159
	(586)	155	6,229
Basic and diluted earnings per share	24.99p	23.16p	47.93p
Dividends per share	3.75p	3.50p	12.50p

Consolidated statement of financial position

	Half year ended 31 March 2019 £000's	Half year ended 31 March 2018 £000's	Year ended 30 September 2018 £000's
Non-current assets			
Goodwill	8,505	4,252	8,598
Other intangibles	3,675	94	4,510
Property, plant and equipment	13,162	9,181	9,271
Deferred tax asset	2,101	2,273	1,639
	27,443	15,800	24,018
Current assets			
Inventories	6,640	4,947	6,279
Trade and other receivables	13,656	9,873	13,920
Cash and cash equivalents	6,249	18,006	9,440
	26,545	32,826	29,639
Total assets	53,988	48,626	53,657
Current liabilities			
Trade and other payables	7,890	5,139	8,185
Current tax liabilities	304	239	532
Short-term provisions	310	252	304
	8,504	5,630	9,021
Non-current liabilities			
Retirement benefit obligation	9,902	11,716	7,628
Total liabilities	18,406	17,346	16,649
Net assets	35,582	31,280	37,008
Equity			
Share capital	840	842	842
Share premium account	157	157	157
Capital redemption reserve	297	295	295
Translation reserve	1,545	1,309	1,964
Retained earnings	31,540	27,672	32,693
Total attributable to equity shareholders of the company	34,379	30,275	35,951
Non-controlling interests	1,203	1,005	1,057
Total equity	35,582	31,280	37,008

Consolidated statement of changes in equity

For the period ended 31 March 2019

	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 30 September 2018	842	157	295	1,964	32,693	1,057	37,008
Profit for the period	–	–	–	–	1,931	173	2,104
<u>Other comprehensive income and expense</u>							
Exchange differences on translation of foreign operations	–	–	–	(419)	–	(27)	(446)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	(2,831)	–	(2,831)
Tax on items taken directly to equity (Est.)	–	–	–	–	106	–	106
Deferred tax effect	–	–	–	–	481	–	481
Total comprehensive income	–	–	–	(419)	(313)	146	(586)
Shares repurchased	(2)	–	2	–	(82)	–	(82)
Dividends paid	–	–	–	–	(758)	–	(758)
At 31 March 2019	840	157	297	1,545	31,540	1,203	35,582

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)
At 30 September 2017	842	157	295	2,629	26,969	1,001	31,893
Profit for the period	–	–	–	–	1,822	129	1,951
<u>Other comprehensive income and expense</u>							
Exchange differences on translation of foreign operations	–	–	–	(1,320)	–	(73)	(1,393)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	(485)	–	(485)
Deferred tax effect	–	–	–	–	82	–	82
Total comprehensive income	–	–	–	(1,320)	1,419	56	155
Dividends paid	–	–	–	–	(716)	(52)	(768)
At 31 March 2018	842	157	295	1,309	27,672	1,005	31,280

Consolidated statement of changes in equity (cont'd)

For the year ended 30 September 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)
At 30 September 2017	842	157	295	2,629	26,969	1,001	31,893
Profit for the year	–	–	–	–	4,039	221	4,260
<u>Other comprehensive income and expense</u>							
Exchange differences on translation of foreign operations	–	–	–	(665)	–	(62)	(727)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	3,080	–	3,080
Tax on items taken directly to equity	–	–	–	–	140	–	140
Deferred tax effect	–	–	–	–	(524)	–	(524)
Total comprehensive income	–	–	–	(665)	6,735	159	6,229
Dividends paid	–	–	–	–	(1,011)	(103)	(1,114)
At 30 September 2018	842	157	295	1,964	32,693	1,057	37,008

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 2018 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 2018 Financial Statements and its accounting policies, but where necessary comparative information has been reclassified or expanded from the 2018 Interim Financial Statements to take into account any presentational changes made in the 2018 Financial Statements or in these Interim Financial Statements.

Consolidated cash flow statement

	Half year ended 31 March 2019 £000's	Half year ended 31 March 2018 £000's	Year ended 30 September 2018 £000's
Cash flows from operating activities			
Operating profit	3,171	2,945	6,188
Depreciation and amortisation	1,343	431	1,572
Additional contributions to pension scheme	(666)	(673)	(1,331)
Exchange adjustments	(162)	(706)	(155)
(Profit)/loss on disposal of property, plant and equipment	(14)	(9)	36
	3,672	1,988	6,310
(Increase)/decrease in inventories	(361)	619	(487)
(Increase)/decrease in trade and other receivables	264	138	(3,909)
Increase/(decrease) in trade and other payables	(295)	(428)	2,618
Increase/(decrease) in provisions	6	(74)	(22)
Cash generated from operations	3,286	2,243	4,510
Interest paid	–	–	(3)
Tax paid	(1,003)	(681)	(1,270)
Net cash from operating activities	2,283	1,562	3,237
Cash flows from investing activities			
Acquisition of business and assets	–	–	(9,525)
Proceeds from sale of property, plant and equipment	14	12	43
Purchase of property, plant and equipment	(4,571)	(554)	(1,161)
Development costs capitalised	–	–	(29)
Interest received	13	52	86
Net cash generated from/(used in) investing activities	(4,544)	(490)	(10,586)
Cash flows from financing activities			
Purchase of own shares	(82)	–	–
Dividends paid	(758)	(768)	(1,114)
Net cash used in financing activities	(840)	(768)	(1,114)
Net increase/(decrease) in cash and cash equivalents	(3,101)	304	(8,463)
Cash and cash equivalents at beginning of period	9,440	18,087	18,087
Exchange adjustments on cash and cash equivalents	(90)	(385)	(184)
Cash and cash equivalents at end of period	6,249	18,006	9,440

Board of Directors

Richard Dewhurst, BA (Eng Sc), ACMA Chairman
David Dewhurst, BSc (Elec Eng)
Richard Young, BSc, MBA, CEng, FIET
Jared Sinclair, BSc, ACA
John Bailey
Peter Tett, MA MSc Non-executive
Alan Warren Non-executive

Registered and Head Office

**DEWHURST PLC &
DEWHURST UK MANUFACTURING LTD**
Unit 9 Hampton Business Park,
Hampton Road West, Feltham TW13 6DB.
Tel: 020 8744 8200
cosec@dewhurst.co.uk
www.dewhurst.co.uk

Subsidiaries:

A&A ELECTRICAL DISTRIBUTORS LTD
234-262 Maybank Road,
South Woodford,
London, E18 1ET
Tel: 020 8559 7000
sales@aa-electrical.com
www.aa-electrical.com

THAMES VALLEY CONTROLS LTD

Unit 15, Manor Farm Industrial Estate,
Flint, Flintshire
Wales CH6 5UY
Tel: 01352 793222
info@tvcl.co.uk
www.tvcl.co.uk

TRAFFIC MANAGEMENT PRODUCTS LTD

Unit 6, Trident Drive,
Wednesbury, WS10 7XB
Tel: 020 8744 8201
info@tmp.solutions
www.tmp.solutions

DEWHURST (HUNGARY) KFT

H-2038, Soskut, Hrsz 3518/8, Hungary
Tel: 00 362 356 0550

DUPAR CONTROLS INC.

1751 Bishops Street, Cambridge, Ontario,
Canada N1T 1N5
Tel: 001 519 624 2510
info@dupar.com
www.dupar.com

ELEVATOR RESEARCH AND MANUFACTURING CORP.

1417 Elwood Street, Los Angeles,
CA 90021, USA
Tel: 001 213 746 1914
sales@elevatorresearch.com
www.elevatorresearch.com

Registrars

Capita IRG plc, Northern House, Woodsome Park, Fenay Bridge, Huddersfield,
West Yorkshire HD8 0LA

Overseas representation:

The Group maintains overseas representation in major countries throughout the world

AUSTRALIAN LIFT COMPONENTS PTY LTD

5 Saggartfield Road, Minto
NSW 2566, Australia
Tel: 00 612 9603 0200
info@alc.au.com
www.alc.au.com

P&R LIFTCARS PTY LTD

7 Kiama Street, Miranda
NSW 2228, Australia
Tel: 00 612 9522 4777
info@prlift.com.au

LIFT MATERIAL AUSTRALIA PTY LTD

Unit 8, 809-821 Botany Road,
Rosebery, NSW 2018, Australia
Tel: 00 612 9310 4288
info@liftmaterial.com
www.liftmaterial.com

DUAL ENGRAVING PTY LTD

104 Howe Street,
Obsorne Park, Perth,
WA 6017, Australia
Tel: 00 61 8 9443 3677
info@dualengraving.com.au
www.dualengraving.com.au

DEWHURST (HONG KONG) LTD

Unit 19, 7/F, Block A,
Hoi Luen Industrial Centre,
55 Hoi Yuen Road, Hong Kong
Tel: 00 852 3523 1563
efung@dewhurst.co.uk
www.dewhurst.co.uk

DEWHURST MIDDLE EAST ELEVATOR ACCESSORIES L.L.C.

Office #5, Level 20,
Binary Tower, Business Bay,
PO Box 20589, Dubai, United Arab Emirates
Tel: 00 971 4871 6505
info@dewhurstme.ae
www.dewhurstme.ae