Dewhurst PLC
("Dewhurst" or the "Group")
Preliminary Results for the year ended 30 September 2019

Chairman's Statement

Results

I am delighted to be able to report record sales and adjusted operating profit for the Group in this, our centenary year. Group sales for the year to 30 September 2019 increased 23.4% to £56.4 million on a continuing basis (2018: £45.7 million), with the benefit of a full year of sales from A&A Electrical Distributors (A&A). Adjusted operating profit before amortisation of acquired intangibles and exceptional pension costs was £7.7 million (2018: £6.0 million). These adjustments totalled £2.3 million (2018: £0.6 million). Reported profit before tax (after the adjusting items) was £5.2 million (2018: £5.3 million). These results, as required under IFRS, are presented on the basis of our continuing business only, with comparatives also adjusted to exclude the contribution from Thames Valley Controls Limited ("TVC") which was sold on 30 September 2019. Further details regarding the contribution TVC made in our last year of ownership is provided in the Financial Review below.

In addition to the above results we are reporting a profit on the sale of TVC of £6.0 million this year. £1.1 million of the proceeds has been transferred to the pension fund towards liabilities for TVC pension scheme members, with the balance being retained for future investment.

In local currencies the lift business in the UK was up significantly helped by a full years' contribution from A&A; North America was broadly flat overall with the US up but Canada down slightly after strong growth last year; and there was good growth across all our Australian businesses. Transportation business fell again during the year, but Keypads generated modest growth with a major customer increasing stock in preparation for a model changeover. Overall, currency movements have not had a material impact on reported sales this year.

With the continuing strength of the Group's performance we are proposing a 0.25 pence increase in the final dividend to provide a 0.5 pence increase for the year as a whole.

Operations and People

The biggest impact on people this year has been the sale of TVC. This required a considerable amount of work to get over the line and I would particularly like to thank Jared Sinclair and members of his team, Richard Young and David Dewhurst for their significant contributions and hard work on the project. Richard Young resigned as a Group Director on the completion of the sale. I have enjoyed working with Richard for more than 20 years and I would like to thank him for his leadership at TVC and contribution to the Group overall. I wish him and the team at TVC continuing success in the future.

We have also expended considerable resources and time on integrating A&A into our Group-wide processes and IT systems. We have made good progress on that integration, but further work remains to be done.

Overall however, these record results would not have been possible without the efforts of our staff, and I would like to both recognise and thank all the staff working for the Group during the year, including those at TVC, for their contribution to this year's success.

Centenary

We completed our 100 years in business in November and are very proud of achieving that milestone. We marked the centenary with two events at the Science Museum in London for customers, staff and other stakeholders and by compiling a history of the business. The events were a fantastic celebration and a great opportunity for me to thank our staff and various stakeholders for their loyalty and support over the years. Reviewing the history was a fascinating journey through our archives and a lesson on the importance of being able to adapt to changes in the market. Clearly with digital disruption and climate change we are facing two very significant challenges that are not just going to change our market but the whole economic and physical environment. If we are to last another hundred years, our business, in common with others, is going to have to adapt its strategy to use the world's resources more sustainably. Change also brings opportunity and we will be looking to use our strengths and financial resources to capitalise on opportunities that we identify.

Outlook

Clearly it is challenging to look forward 100 years, but particularly at the moment where it is difficult to look forward just one year. We anticipate performance in the UK will be highly dependent on the result of the General Election and particularly on whether it produces a clear result that creates some certainty about our direction of travel or just prolongs the last three years' uncertainty. Overseas, in the USA the market still seems strong, but the Canadian market, particularly for lift modernisation, appears to be softening; in Australia the market seems steady, at least for the first half of the year. Regarding keypads, having gained this year from sales build up on a new model, we now envisage a reduction from the rundown in stock of the outgoing product line.

Richard Dewhurst
Chairman

Strategic Report

Business Review

The Group's principal activity in the year continued to be the manufacture of electrical components and control equipment for industrial and commercial capital goods. The Group maintained its position as a speciality supplier of equipment to Lift, Transport and Keypad sectors. A review of the Group's operations is provided below in operating highlights and in the preceding Chairman's statement.

Key performance indicators

The Directors believe that the key financial performance indicators relevant to the Group are earnings per share, adjusted operating profit, profit before tax and net assets. The key non-financial performance indicators relevant to the Group are quality measures and on-time deliveries to our customers.

Operating Highlights

As would be expected from a very strong year, the majority of Group companies performed well and exceeded last year's revenues. This year was A&A's first full year in the Group and it made a significant additional contribution albeit in line with management expectations.

The Group's overseas companies performed well on the whole, each reporting increased revenue apart from Dupar Controls (in Canada) where there has been a definite weakening in the modernisation market, which has held us back.

This has been a landmark year for Dewhurst as we have celebrated our centenary. We hosted a reception at the Science Museum attended by customers and other stakeholders, which was a very successful and fitting way to commemorate this special milestone. To have achieved 100 years in business is an achievement that we can all be very proud of. We are very grateful to all employees, past and present, in all our companies, who have played a part in reaching this landmark.

UNITED KINGDOM

Dewhurst UK Limited

Sales improved at Dewhurst UK as our drive to increase fixture sales gained momentum. The UK market was particularly strong with an increase in demand for infrastructure products, especially within the rail sector. We fulfilled our first order for signalisation of a new range of lifts for London Underground (LUL). We expect further orders over the coming years to support LUL's program to install lifts in all their surface stations.

Overseas we started delivery of fixtures for the first of 180 lifts for the new Riyadh Metro. This is a significant order for Dewhurst UK and the bulk of this contract will be delivered in the coming year.

We have also introduced a number of new products, primarily to add to our Lift Fixture offering. Our new Unity Fixture provides a low profile, modern and flexible solution for landing stations and car stations. We originally designed this for the Riyadh Metro project but have now launched it globally and it has been well received. We have also added to our Lift Indicator range with a number of new offerings based on glass designs.

Thames Valley Controls (TVC)

It is pleasing to report that in our final year of ownership of TVC, they continued the growth of the previous year and revenues increased significantly.

TVC has been an important part of the Dewhurst Group for over 25 years and it has been a pleasure to work with the team in Flint. The company is in a strong position with class leading controller products such as Ethos 2, where we have ensured that the product is easy to use by focusing on intuitive diagnostic, commissioning and configuration tools. Ethos Navigator is the only UK developed Hall Call Destination control system, which uses unique intelligence to deploy the lifts in the most efficient way possible. Monitoring products include CMS Anywhere, a web based remote monitoring system that enables you to manage your equipment at any time from anywhere.

However, as we reported in our announcement earlier this year, the cost and complexity of developing these new products is becoming increasingly onerous. Vantage Elevator Solutions, the new owner of TVC, have the resources and scale of business that will allow them better market leverage of required future development costs and that will benefit TVC's ongoing growth.

We will continue to work with TVC on a number of joint collaborations and I would like to join the Chairman in thanking the staff of TVC for all their hard work and wish them all the best for the future as part of the Vantage group.

Traffic Management Products

We had a particularly difficult first half of the year at TMP, when revenues were especially soft. At the same time the team at Wednesbury still had a great deal of work to do at the new factory, ensuring that the plant was running efficiently, refining the manufacturing and assembly processes and establishing new Health & Safety and Quality procedures.

There had been a greater turnover of sales staff at TMP than is ideal and the new sales team needed to restore contacts throughout the industry. Such activities take time but in the second half of the year there were definite signs this work was beginning to pay dividends. We are optimistic this will lead to strengthening sales in the coming year.

We have recently launched a new addition to our range of 'Evo' self-righting bollards. The new 'Evo Max' has more depth than a standard bollard and therefore delivers maximum visibility at any angle, making it an ideal bollard to use at road junctions.

A&A Electrical Distributors (A&A)

A&A completed their first full year as part of the Dewhurst Group and it has been a pleasure to get to know the team. Sales and profits were broadly in line with our expectations and the management team have worked hard to ensure that the handover has gone smoothly and any customer impact from the acquisition minimised. Customer service is absolutely critical at A&A and John Bailey and his team are focused on maintaining and improving that aspect of the business.

The roll out of new products is also very important to the business and this year we have launched a new LED shaft lighting system that will be a key product for us in the future. The product was launched at Liftex 2019, which is the UK's Lift Industry exhibition and takes place every three years. It was fortuitous that the exhibition was held in our centenary year and we had a major presence at the exhibition with A&A, TVC and Dewhurst UK all exhibiting. The exhibition was well attended and provided an excellent shop window for Dewhurst Group companies.

In the summer we also transitioned A&A from its previous ERP system to the system that is used across the rest of the Dewhurst Group. Any change of ERP system is always a challenge and the team at A&A did an excellent job in ensuring that any disruption was kept to a minimum.

EUROPE

Dewhurst Hungary

Sales throughout the year for our keypad products were quite strong. Our major customer had suffered a slowdown in ATM sales in the previous year but this year sales of their ATMs recovered, and we have seen the benefit of this with improved keypad sales.

Towards the end of the year, demand for the next generation of keypads gained traction and Dewhurst Hungary have done a very professional job in managing the transition from old product to new.

NORTH AMERICA

Dupar Controls

Revenues weakened slightly at Dupar due to a softening of the modernisation market in Canada, that in turn, had an impact on profits. Demand for fixtures for new installations continued to be strong and the longer-term outlook remains encouraging.

Earlier in the year we secured a new site in Kitchener, very close to our existing factory and we have signed a contract with our chosen contractor to build a new 52,000 sq. ft manufacturing facility. This new facility is significantly larger than our current one and should provide an excellent home for Dupar for the foreseeable future.

Dupar has always been at the forefront of driving efficiencies through improved front end processes and this year they have introduced a new software solution for production planning to provide greater visibility of progress through the manufacturing process.

Elevator Research & Manufacturing (ERM)

The team at ERM had another good year in which they have continued their progress in turning the business around. Fixture sales grew by 20% as customers returned to ERM on the back of the excellent customer service that they are now providing. Profits, although still relatively modest, grew significantly from the previous financial year.

The market in California remains strong and we look forward to another year of progress.

AUSTRALIA & ASIA

Australian Lift Components (ALC)

Sales at ALC grew significantly as we really started to see the benefits of having a local sales engineering presence in both Brisbane and Melbourne. There was also an increase in the number of joint projects we secured with P&R Lift Cars for both car interiors and fixtures.

ALC are beginning to do a reasonable amount of metal fabrication work for P&R and to support this, we purchased a new Amada Brake Press, which will significantly improve the accuracy of our folds and also the length of material that can be folded.

P&R Lift Cars (P&R)

This has been another good year for P&R as demand for their high-end lift interiors continues to increase. They have an enviable reputation for the quality of their work and for the service they provide.

Given this continuing growth of P&R, we have taken the opportunity to strengthen the senior management team during the year to ensure it is able to continue to manage this expansion.

Lift Material

Sales continued to grow this year at Lift Material. Once again it was the Escalator division that led the way, with growth in revenues of over 30% which is a great achievement.

The escalator component parts tend to be quite bulky and this is the sector of the business that has seen the strongest growth. As a consequence, we have found ourselves becoming increasingly short of space. To protect ourselves from spiralling rents in Sydney, we have taken the opportunity to purchase a 20,000 sq. ft unit in Botany which is a good location for Lift Material. This unit should meet our needs for space for the foreseeable future as well as ensuring that we are in a prime locality for the business needs.

Dual Engraving (Dual)

Dual revenues increased above expectations this year as the Perth market recovered, following a couple of quieter years.

The team at Dual visited P&R earlier in the year and were able to see the significant efficiency gains they were deriving from their CNC router. The decision was therefore made to purchase a CNC machine for Dual and we expect delivery early in the new year. This should help improve their capacity over the coming years.

Dewhurst Hong Kong

We welcome Feona Lai as the new General Manager of Dewhurst Hong Kong and we wish her well in her new role.

Sales grew slightly during the year but the current political unrest in the region is having an impact on all businesses and ours is no exception. Many projects are being put temporarily on hold and the first half of next year is expected to be challenging.

Approved and signed on behalf of the Board

David Dewhurst
Group Managing Director

Financial Review

Trading results

The Group continued its upward trend with another year of record sales and profits. This was supported by a full year of sales from A&A Electrical Distributors (“A&A”) which last year included only four months of trading. In addition, the Australian east coast companies saw considerable organic growth in local terms with all these subsidiaries again reporting record sales.

Although a significant proportion of the Group’s revenue and profits are generated and held in foreign currency, foreign exchange retranslation had a negligible impact on the reporting performance of the Group this year with like-for-like revenue and profit before tax impacted by less than 0.5% each.

Overall, reported revenue from continuing operations increased by 23.4% to £56.4 million (2018: £45.7 million) and adjusted operating profit (before acquired intangible amortisation and the pension GMP equalisation charge, explained below) increased by 28.1% to £7.7 million (2018: £6.0 million).

Solid cash position

Cash returned to a very healthy balance, assisted by the completion of the sale of TVC on the last day of the year. The proceeds from the sale, net of TVC’s cash in the business and transaction costs, amounted to £7.5 million. During the year, the Group spent £2.7 million (A$4.8 million) on a property for Lift Material as well as £1.2 million (C$2.0 million) on land for Dupar Controls to develop. The Group ended the year with cash of £17.0 million, up £7.6 million from £9.4 million in 2018.

On 20 August 2019, the Board authorised the capital expenditure for Dupar Controls to start development on its new site. The building is expected to cost £4.8 million (C$7.6 million) and take about a year from breaking ground which is imminent. We plan to market the existing factory for sale next year.

The Group started and finished the year with no borrowing or bank overdraft facility.

Pension scheme deficit

It is disappointing to report that despite the pension scheme assets outperforming expectation by £3.3 million and the Company paying in a total of £2.5 million contributions, the scheme deficit increased by £3.0 million to £10.6 million in 2019 (2018: £7.6 million). The Company’s contribution this year included a one-off payment of £1.1 million as a condition of a Flexible Apportionment Arrangement (FAA) to transfer TVC’s defined benefit pension scheme obligations to Dewhurst plc before it was sold.

The two key adverse factors which outweighed these gains were firstly the liability discount rate which dropped significantly in September 2019 to 1.80% (2018: 2.85%), causing the pension liabilities to increase by £8.9 million. The second was a one-off charge of £0.6 million arising from the requirement to equalise guaranteed minimum pensions (GMP) following a High Court ruling in October 2018. It was held by the Court that pension schemes which were historically contracted out of state earnings related pensions (SERPS) had a disparity of benefits available to men and women and that there was an obligation to equalise benefits as far back as 1990.

All recommendations made by the scheme's actuary to eliminate the scheme deficit within an agreed timeframe have been fully implemented.

Capital management and treasury policy

The Group defines capital as total equity plus net debt. The objective is to maintain a strong and efficient capital base to support the Group's strategic objectives, provide optimal returns for shareholders and safeguard the Group's assets and status as a going concern. The Group is not subject to externally imposed capital requirements and the Group's philosophy is to have minimal or no borrowing where possible.

The Group seeks to reduce or eliminate financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The policies and procedures operated are regularly reviewed and approved by the Board. By varying the duration of its fixed and floating cash deposits, the Group maximises the return on interest earned.

The Group continues to hedge foreign currencies internally where possible and does not use derivatives in the form of foreign exchange contracts to manage its currency risk.

Dividends

Dividends are accounted for when paid or approved by shareholders, and not when proposed, therefore the proposed final dividend for 2019 has not been accrued at the end of the reporting period. The total dividend for 2019 of 13.0p per share is 4.0% higher than 2018 and is covered 2.8 times by 'continuing' earnings. Total equity improved from £37.0 million to £42.7 million, primarily as a result of a strong trading performance in the year and cash from the sale of TVC despite the £3.0 million increase in the pension deficit referred to above.

Jared Sinclair
Finance Director

Consolidated statement of comprehensive income

For the year ended 30 September 2019

	2019 £(000)	2018 (restated)[1] £(000)
Continuing operations		
Revenue	**56,446**	45,730
Operating costs	**(51,052)**	(40,272)
Adjusted operating profit*	**7,700**	6,013
Pension charge - GMP equalisation	**(639)**	–
Amortisation of acquired intangibles	**(1,667)**	(555)
Operating profit	**5,394**	5,458
Finance income	**34**	86
Finance costs	**(184)**	(291)
Profit before taxation	**5,244**	5,253
Taxation	**(2,149)**	(1,710)
Profit from continuing operations	**3,095**	3,543
Discontinued operations		
Profit and gain from discontinued operations (net of tax)	**7,079**	717
Profit for the period	**10,174**	4,260
Other comprehensive income:		
Actuarial gains/(losses) on the defined benefit pension scheme	**(4,559)**	3,080
Deferred tax effect	**775**	(524)
Tax on items taken directly to equity	**314**	140
Total that will not be subsequently reclassified to income statement	**(3,470)**	2,696
Exchange differences on translation of foreign operations	**308**	(727)
Total that may be subsequently reclassified to income statement	**308**	(727)
Other comprehensive income/(expense) for the year, net of tax	**(3,162)**	1,969
Total comprehensive income for the year	**7,012**	6,229
Profit for the year attributable to:		
Equity Shareholders of the Company	**9,780**	4,039
Non-controlling interests	**394**	221
	10,174	4,260
Total comprehensive income for the year attributable to:		
Equity Shareholders of the Company	**6,620**	6,070
Non-controlling interests	**392**	159
	7,012	6,229
Basic and diluted earnings per share	**116.23p**	47.93p
Basic and diluted earnings per share – continuing operations	**32.09p**	39.41p

* Operating profit before amortisation of acquired intangibles and pension GMP equalisation (see Financial review)

[1] The prior period income statement and all relevant notes have been restated to reflect the impact of treating Thames Valley Controls Ltd as a discontinued operation

Consolidated statement of financial position

At 30 September 2019

	2019 £(000)	2018 £(000)
Non-current assets		
Goodwill	**9,719**	8,598
Other intangibles	**2,831**	4,510
Property, plant and equipment	**13,225**	9,271
Deferred tax asset	**2,198**	1,639
	27,973	24,018
Current assets		
Inventories	**6,010**	6,279
Trade and other receivables	**10,993**	13,920
Cash and cash equivalents	**16,980**	9,440
	33,983	29,639
Total assets	**61,956**	53,657
Current liabilities		
Trade and other payables	**8,180**	8,185
Current tax liabilities	**249**	532
Short-term provisions	**277**	304
	8,706	9,021
Non-current liabilities		
Retirement benefit obligation	**10,570**	7,628
Total liabilities	**19,276**	16,649
Net assets	**42,680**	37,008
Equity		
Share capital	**841**	842
Share premium account	**157**	157
Capital redemption reserve	**296**	295
Translation reserve	**2,274**	1,964
Retained earnings	**37,847**	32,693
Total attributable to equity Shareholders of the Company	**41,415**	35,951
Non-controlling interests	**1,265**	1,057
Total equity	**42,680**	37,008

The financial statements were approved by the Board of Directors and authorised for issue on 9 December 2019 and were signed on its behalf by:

Richard Dewhurst Chairman

Jared Sinclair Finance Director

Company Registration Number: 160314

Consolidated statement of changes in equity

For the year ended 30 September 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 2017	842	157	295	2,629	26,969	1,001	31,893
Exchange differences on translation of foreign operations	–	–	–	(665)	–	(62)	(727)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	3,080	–	3,080
Deferred tax effect	–	–	–	–	(524)	–	(524)
Tax on items taken directly to equity	–	–	–	–	140	–	140
Dividends paid	–	–	–	–	(1,011)	(103)	(1,114)
Profit for the year	–	–	–	–	4,039	221	4,260
At 30 September 2018	**842**	**157**	**295**	**1,964**	**32,693**	**1,057**	**37,008**
Share repurchase	**(1)**	**–**	**1**	**–**	**(82)**	**–**	**(82)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**310**	**–**	**(2)**	**308**
Actuarial gains/(losses) on defined benefit pension scheme	**–**	**–**	**–**	**–**	**(4,559)**	**–**	**(4,559)**
Deferred tax effect	**–**	**–**	**–**	**–**	**775**	**–**	**775**
Tax on items taken directly to equity	**–**	**–**	**–**	**–**	**314**	**–**	**314**
Dividends paid	**–**	**–**	**–**	**–**	**(1,074)**	**(184)**	**(1,258)**
Profit for the period	**–**	**–**	**–**	**–**	**9,780**	**394**	**10,174**
At 30 September 2019	**841**	**157**	**296**	**2,274**	**37,847**	**1,265**	**42,680**

Consolidated cash flow statement

For the year ended 30 September 2019

	2019 £(000)	2018 £(000)
Cash flows from operating activities		
Operating profit – continuing operations	**5,394**	5,458
Operating profit – discontinued operations	**1,077**	730
Operating profit	**6,471**	6,188
Depreciation and amortisation	**2,857**	1,572
Contributions to pension scheme, net of administration fee & GMP equalisation costs	**(1,800)**	(1,331)
Exchange adjustments	**111**	(155)
(Profit)/loss on disposal of property, plant and equipment	**(13)**	36
	7,626	6,310
(Increase)/decrease in inventories	**(838)**	(487)
(Increase)/decrease in trade and other receivables	**888**	(3,909)
Increase/(decrease) in trade and other payables	**617**	2,618
Increase/(decrease) in provisions	**46**	(22)
Cash generated from operations	**8,339**	4,510
Interest paid	**(1)**	(3)
Tax paid – continuing operations	**(1,921)**	(1,257)
Tax paid – discontinued operations	**10**	(13)
Tax paid	**(1,911)**	(1,270)
Net cash from operating activities	**6,427**	3,237
Cash flows from investing activities		
Acquisition of business and assets	**–**	(9,525)
Proceeds on disposal of a subsidiary (net of cash disposed)	**7,514**	–
Proceeds from sale of property, plant and equipment	**57**	43
Purchase of property, plant and equipment	**(5,233)**	(1,161)
Development costs capitalised	**(41)**	(29)
Interest received	**34**	86
Net cash generated from/(used in) investing activities	**2,331**	(10,586)
Cash flows from financing activities		
Dividends paid	**(1,258)**	(1,114)
Purchase of own shares	**(82)**	–
Net cash used in financing activities	**(1,340)**	(1,114)
Net increase/(decrease) in cash and cash equivalents	**7,418**	(8,463)
Cash and cash equivalents at beginning of year	**9,440**	18,087
Exchange adjustments on cash and cash equivalents	**122**	(184)
Cash and cash equivalents at end of year	**16,980**	9,440

Notes

1. AGM, results and dividends

The profit for the year, after taxation, amounted to £10.2 million (2018: £4.3 million).

A final dividend on the Ordinary and 'A' non-voting ordinary shares of 9.25p per share (2018: 9.00p) for the financial year ended 30 September 2019 will be proposed at the Annual General Meeting (AGM) to be held on 18 February 2020. If approved, this dividend will be paid on 26 February 2020 to members on the register at 17 January 2020. The ex-dividend date will be 16 January 2020.

An interim dividend of 3.75p per share (2018: 3.50p) was paid on 20 August 2019.

2. Earnings per share and dividend per share

Weighted average number of shares	**2019 No.**	2018 No.
For basic and diluted earnings per share	**8,413,983**	8,424,898

The calculation of basic and diluted earnings per share is based on the profit for the financial year of £9,779,773 (continuing profit: £2,700,374) and on 8,413,983 Ordinary 10p and 'A' non-voting ordinary 10p shares, being the weighted average number of shares in issue throughout the financial year. There are no share options issued.

Paid dividends per 10p Ordinary share	**2019 £(000)**	2018 £(000)
2018 final paid of 9.00p (2017: 8.50p)	**(758)**	(716)
2019 interim paid of 3.75p (2018: 3.50p)	**(316)**	(295)
Dividends paid – The Company	**(1,074)**	(1,011)
Dividends paid to non-controlling interests – Dual Engraving Pty Ltd & P&R Liftcars Pty Ltd	**(184)**	(103)
Dividends paid – The Group	**(1,258)**	(1,114)

The final proposed dividend is based on 3,309,200 Ordinary 10p shares and 5,099,698 'A' non-voting ordinary 10p shares, being the latest number of shares in issue. The Directors are proposing a final dividend of 9.25p (2018: 9.00p) per share, totalling £778k (2018: £758k). This dividend has not been accrued at the end of the reporting period.

3. Discontinued Operations

On 24 September 2019, Dewhurst plc entered into a formal sale agreement to dispose of the entire issued share capital of Thames Valley Controls Ltd ("TVC") to Elevation AcquisitionCo LLC, which trades under Vantage Elevator Solutions ("Vantage"). The TVC business was classified as a discontinued operation.

The sale completed on 30 September 2019 and the results of the discontinued operation and the effect of the disposal on the financial position of the Group were as follows:

	2019 £(000)	2018 £(000)
Revenue - dispatch of products	**8,466**	8,005
Revenue - servicing of products	**573**	411
Revenue - servicing over time	**448**	364
Revenue	**9,487**	8,780
Expenses	**(8,410)**	(8,050)

Operating profit / profit before taxation	**1,077**	730
Taxation	**10**	(13)
Profit after tax	**1,087**	717
Gain on disposal of discontinued operation	**5,992**	–
Profit and gain from discontinued operations (net of tax)	**7,079**	717

	2019 £(000)	2018 £(000)
Cash flows from/(used in) discontinued operation		
Net cash flows from operating activities	**984**	1,514
Net cash flows from investing activities	**(127)**	(117)
Net cash flows from financing activities	**(500)**	(1,500)
Net cash flows for the year from discontinued operations	**357**	(103)

The net assets of the disposed subsidiary which have been removed from the statement of financial position, were as follows:

	2019 £(000)
Property, plant and equipment	173
Deferred tax asset	19
Inventory	1,107
Trade and other receivables	2,094
Cash and cash equivalents	1,041
Total Assets	4,434
Trade and other payables	(1,743)
Short-term provisions	(73)
Total Liabilities	(1,816)
Net assets of the disposal	2,618
Initial Consideration received in cash and cash equivalents, net of transaction costs	8,555
Expected Final Consideration	55
Gain on disposal of discontinued operation	**5,992**

Net cash inflow arising on disposal:	**£(000)**
Consideration received in cash and cash equivalents, net of transaction costs	8,555
Less cash and cash equivalents disposed of	(1,041)
Cash received in respect of the disposal of Thames Valley Controls Ltd	**7,514**

Taxation of discontinued operations

The gain on sale of discontinued operations qualified for the Substantial Shareholding Exemption and consequently was not subject to corporation tax.

4. Accounting policies

The accounting policies applied to the 2019 accounts have been consistent with 2018 in all manners. IFRS 9 'Financial Instruments' and IFRS 15 'Revenue Recognition' became effective this accounting period and apart from an update to the terminology used in the accounting policies note there has been no material effect of the new standards on the reported figures. All IFRS issued but not yet effective including IFRS 16 'Leases' have not been applied and whilst the Directors have yet to assess their full impact, initial indications are that it will not materially affect the Group reported profit figure or net assets figure.

5. Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2019 or 2018. Statutory accounts for 2018 have been delivered to the Registrar of Companies. The statutory accounts for 2019 which are prepared under IFRS as adopted by the EU will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The preliminary statement of results has been reviewed by and agreed with the Company's auditor, Jeffreys Henry LLP, who have indicated that they will be giving an unqualified opinion in their report on the statutory financial statements for 2019.

Dewhurst plc has prepared its consolidated and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) from 1 October 2005. The Group and Company financial statements have been prepared in accordance with those parts of the Companies Act 2006 that are applicable to companies adopting IFRS. The company is registered and incorporated in the United Kingdom; and quoted on AIM.

It is expected that the audited Report and Accounts for the year ended 30 September 2019 will be sent to shareholders and will also be available on the Company's website www.dewhurst.plc.uk on 16 January 2020.

- Ends -

For further details please contact:

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