

**Half Year Report
07 June 2016**

Dewhurst plc - Interim Results for the 6 months ended 31 March 2016

Directors' Interim Report

FIRST HALF

As we expected and indicated in our statement at the AGM, market conditions were challenging during the first half resulting in sales and profits both lower than last year. Overall, Group revenue decreased 6% to £21.3 million (2015: £22.8 million), with profit before tax decreasing by 24% to £1.7 million (2015: £2.2 million). Adjusted operating profit* of £1.9 million (2015: £2.5 million) is also down 24% on last year and earnings per share dropped to 13.1p (2015: 18.6p). The Group balance sheet remains strong with cash of £14.0 million (2015: £13.0 million).

The first quarter performance was particularly weak. Sales did recover in the second quarter but confidence remains somewhat fragile. In our lift businesses the UK and Australia were generally weaker, while North American sales were up. Keypad sales were well down and there was also a change in the mix of our customers' products. Transport products, however, bounced back from last year's low levels to record an improvement. Currency movements reduced reported Group revenue by approximately £0.4 million in the first six months. The weaker Australian and Canadian Dollars caused the reduction but were partially offset by other currencies.

OUTLOOK

At the moment demand overall seems to be continuing at the level of the second quarter. Looking forward there is a great deal of uncertainty in the political and economic situation and there are outcomes that might have a positive or negative impact on the business. We do know that public sector spending restraints are unlikely to ease any time soon and customers' concerns about pricing are unlikely to diminish; so we are focussed on trying to carefully control our expenditure whilst continuing to push ahead with appropriate investments to improve the business for the longer term.

DIVIDENDS

The Directors have declared an interim dividend of 3.00p (2015: 3.00p) which amounts to £254,000 (2015: £254,000). The interim dividend is payable on 23 August 2016 and will be posted on 18 August 2016 to shareholders appearing in the Register on 8 July 2016 (ex-dividend date being 7 July 2016).

A final 2015 dividend of 10.00p (2014: 6.20p) which amounted to £847,000 (2014: £525,000) was approved at the AGM held on 2 February 2016 and was paid on 17 February 2016 to members on the register at 22 January 2016.

By Order of the Board

J C SINCLAIR

Finance Director & Secretary
6 June 2016

* Operating profit before goodwill write down, amortisation of acquired intangibles and gain on property disposal

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 2016, as compared with the corresponding half-year ended 31 March 2015 and the year ended 30 September 2015, shows the following results:

Consolidated statement of comprehensive income

	Half year ended 31 March 2016 £000's	Half year ended 31 March 2015 £000's	Year ended 30 September 2015 £000's
Continuing operations			
Revenue	21,332	22,772	45,946
Operating costs	(19,488)	(20,364)	(40,271)
Adjusted operating profit*	1,931	2,549	5,588
Gain on disposal of property	–	–	357
Amortisation of acquired intangibles	(87)	(141)	(270)
Operating profit	1,844	2,408	5,675
Finance income	62	48	107
Finance costs	(226)	(232)	(464)
Profit before taxation	1,680	2,224	5,318
Taxation	Est. (571)	Est. (645)	(851)
Profit for the financial period	1,109	1,579	4,467
Other comprehensive income:			
Actuarial gains/(losses) on the defined benefit pension scheme	Est. (1,249)	Est. (122)	(884)
Deferred tax effect	225	(44)	177
Total that will not be subsequently reclassified to income statement	(1,024)	(166)	(707)
Exchange differences on translation of foreign operations	1,247	(256)	(1,282)
Deferred tax effect	(224)	28	257
Total that may be subsequently reclassified to income statement	1,023	(228)	(1,025)
Other comprehensive income/(expense) for the period, net of tax	(1)	(394)	(1,732)
Total comprehensive income for the period	1,108	1,185	2,735
Profit for the period attributable to:			
Equity shareholders of the company	1,079	1,565	4,406
Non-controlling interests	30	14	61
	1,109	1,579	4,467
Total comprehensive income for the period attributable to:			
Equity shareholders of the company	1,006	1,194	2,759
Non-controlling interests	102	(9)	(24)
	1,108	1,185	2,735
Basic and diluted earnings per share	13.09p	18.63p	51.99p
Dividends per share	3.00p	3.00p	13.00p

* Operating profit before goodwill write down, gain on disposal of property and amortisation of acquired intangibles

Consolidated balance sheet

	Half year ended 31 March 2016 £000's	Half year ended 31 March 2015 £000's	Year ended 30 September 2015 £000's
Non-current assets			
Goodwill	3,096	3,016	2,695
Other intangibles	90	307	171
Property, plant and equipment	9,139	8,458	8,581
Deferred tax asset	2,350	2,073	2,491
	14,675	13,854	13,938
Current assets			
Inventories	4,346	4,496	4,751
Trade and other receivables	9,515	10,087	8,056
Current tax assets	–	–	–
Cash and cash equivalents	14,038	13,045	14,958
	27,899	27,628	27,765
Total assets	42,574	41,482	41,703
Current liabilities			
Trade and other payables	4,196	5,085	4,502
Current tax liabilities	443	468	348
Short-term provisions	428	1,031	318
	5,067	6,584	5,168
Non-current liabilities			
Retirement benefit obligation	12,994	11,868	12,197
Total liabilities	18,061	18,452	17,365
Net assets	24,513	23,030	24,338
Equity			
Share capital	847	847	847
Share premium account	157	157	157
Capital redemption reserve	290	290	290
Translation reserve	940	724	(11)
Retained earnings	21,729	20,464	22,521
Total attributable to equity shareholders of the company	23,963	22,482	23,804
Non-controlling interests	550	548	534
Total equity	24,513	23,030	24,338

Consolidated statement of changes in equity

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

For the period ended 31 March 2015

	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 2014	847	157	290	929	19,590	635	22,448
Profit for the period	–	–	–	–	1,565	14	1,579
<u>Other comprehensive income and expense</u>							
Exchange differences on translation of foreign operations	–	–	–	(233)	–	(23)	(256)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	(122)	–	(122)
Deferred tax effect	–	–	–	28	(44)	–	(16)
Total comprehensive income	–	–	–	(205)	1,399	(9)	1,185
Shares repaid ¹	–	–	–	–	–	(78)	(78)
Dividends paid	–	–	–	–	(525)	–	(525)
At 31 March 2015	847	157	290	724	20,464	548	23,030

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.

Consolidated statement of changes in equity (cont'd)

For the year ended 30 September 2015

	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 2014	847	157	290	929	19,590	635	22,448
Profit for the year	–	–	–	–	4,406	61	4,467
<u>Other comprehensive income and expense</u>							
Exchange differences on translation of foreign operations	–	–	–	(1,197)	–	(85)	(1,282)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	(884)	–	(884)
Deferred tax effect	–	–	–	257	177	–	434
Total comprehensive income	–	–	–	(940)	3,699	(24)	2,735
Shares repaid ¹	–	–	–	–	–	(77)	(77)
Dividends paid	–	–	–	–	(768)	–	(768)
At 30 September 2015	847	157	290	(11)	22,521	534	24,338

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 2015 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 2015 Financial Statements and its accounting policies, but where necessary comparative information has been reclassified or expanded from the 2015 Interim Financial Statements to take into account any presentational changes made in the 2015 Financial Statements or in these Interim Financial Statements.

Consolidated cash flow statement

	Half year ended 31 March 2016 £000's	Half year ended 31 March 2015 £000's	Year ended 30 September 2015 £000's
Cash flows from operating activities			
Operating profit	1,844	2,408	5,675
Depreciation and amortisation	418	450	991
Additional contributions to pension scheme	(662)	(663)	(1,343)
Exchange adjustments	201	(368)	(251)
(Profit)/loss on disposal of property, plant and equipment	(8)	–	(423)
	1,793	1,827	4,649
(Increase)/decrease in inventories	405	5	(250)
(Increase)/decrease in trade and other receivables	(1,459)	(888)	1,143
Increase/(decrease) in trade and other payables	(306)	(17)	(896)
Increase/(decrease) in provisions	110	72	(641)
Cash generated from operations	543	999	4,005
Tax paid	(435)	(136)	(428)
Net cash from operating activities	108	863	3,577
Cash flows from investing activities			
Subsidiary share repurchase – non-controlling interest element ¹	(86)	(78)	(77)
Proceeds from sale of property, plant and equipment	10	–	458
Purchase of property, plant and equipment	(622)	(161)	(893)
Development costs capitalised	–	–	(61)
Interest received	62	48	107
Net cash generated from/(used in) investing activities	(636)	(191)	(466)
Cash flows from financing activities			
Dividends paid	(847)	(525)	(768)
Net cash used in financing activities	(847)	(525)	(768)
Net increase/(decrease) in cash and cash equivalents	(1,375)	147	2,343
Cash and cash equivalents at beginning of period	14,958	12,928	12,928
Exchange adjustments on cash and cash equivalents	455	(30)	(313)
Cash and cash equivalents at end of period	14,038	13,045	14,958

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.

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. Non-executive
John Bailey Non-executive

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