



Interim Report

—○ Plastics

—○ Engineering

—○ Boards & Panels

2018

Directors

Directors	ARB Burrows GC Gray (Chairman) CD Palmer-Tomkinson CA Parker, FCA D Redhead CT Varley
Secretary	CA Parker, FCA
Registered office	Claydon Business Park Gipping Road Great Blakenham Ipswich Suffolk IP6 0NL United Kingdom
Registered number	00405838
Principal subsidiaries	Tex Plastics (Derby) Limited Tex Plastics (Barnstaple) Limited BSP International Foundations Limited Eurotex International Limited Tex Engineering Limited Tex Special Projects Limited Tex A.T.C. Services Limited Tex Air Traffic Control Rooms Limited G&M TEX Ltd QK Honeycomb Products Limited

Chairman's Statement

Group turnover for the six months to 30th June 2018 was lower than the same period in the previous year with pre-tax profit also down on the previous year.

The Plastics Division produced a five percent increase in turnover which resulted in a twenty three percent increase in operating profit.

The Boards & Panels Division had a static turnover year on year, but the operating profit is reduced as a result of higher than anticipated labour costs. A new Production Director designate has been recruited with a view to improving the overall performance of this Division.

The Boards & Panels Division is currently developing additional factory space at its Brigg site to house the latest technology edging machine. This represents a significant investment for the Group and is being carried out to support a key customer in the caravan industry.

Turnover of the Engineering Division decreased by twenty percent due to delays in customer orders. This has resulted in a reduced profit for the Division. However, the second half of the year has opened with a solid order book which will be reflected in the

second half results.

The Group has recently acquired the trade and assets of Argentio UK Limited, a metal fabrication and powder coating business based in Beccles, Suffolk.

The Group has just been awarded the contract to supply a "flat pack" air traffic control room to Nigeria to be supplied by the Tex A.T.C. Division.

The Board, whilst remaining cautious, anticipates that the investments in assets and acquisitions will result in the trading results improving in the medium term, albeit with higher working capital.

The Board is proposing to pay an interim dividend of 2.5 pence (2017: 2.5 pence) which will be paid on 5th October 2018 to shareholders on the register as at 14th September 2018.

GC Gray
Chairman
14th August 2018

Responsibility Statement in respect of the interim financial report

We confirm that to the best of our knowledge:

- the interim condensed consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU;
- the interim management report includes a fair review of the information required by Disclosure and Transparency Rules (“DTR”) 4.2.7R (indication of the important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

GC Gray

Chairman

14th August 2018

Consolidated Statement of Comprehensive Income

		6 months ended 30.06.18 (Unaudited) £000	6 months ended 30.06.17 (Unaudited) £000	Year ended 31.12.17 (Audited) £000
Revenue	Notes 3	20,577	21,421	41,505
Cost of sales		<u>(14,319)</u>	<u>(14,625)</u>	<u>(29,681)</u>
Gross profit		6,258	6,796	11,824
Selling and marketing costs		(540)	(693)	(1,073)
Administrative expenses		<u>(5,527)</u>	<u>(5,598)</u>	<u>(9,668)</u>
Operating profit		191	505	1,083
Finance costs		<u>(95)</u>	<u>(82)</u>	<u>(156)</u>
Profit before taxation		96	423	927
Taxation	4	<u>(12)</u>	<u>(92)</u>	<u>(197)</u>
Profit for the period		<u>84</u>	331	730
Other comprehensive income:				
Actuarial gain arising on defined benefit pension scheme		-	-	767
Tax recognised on actuarial gain on defined pension scheme		-	-	(148)
Total comprehensive income for the period		<u>84</u>	<u>331</u>	<u>1,349</u>
Basic and diluted earnings per share		<u>1.3p</u>	<u>5.2p</u>	<u>11.5p</u>

Consolidated Balance Sheet

	Notes	As at 30.06.18 (Unaudited) £000	As at 30.06.17 (Unaudited) £000	As at 31.12.17 (Audited) £000
ASSETS				
Non-current assets				
Property, plant and equipment	7	7,117	6,180	6,557
Deferred tax assets		<u>20</u>	<u>177</u>	<u>20</u>
		7,137	6,357	6,577
Current assets				
Inventories		7,891	6,952	6,798
Trade and other receivables		11,248	11,270	11,392
Cash in hand		-	-	-
		<u>19,139</u>	<u>18,222</u>	<u>18,190</u>
Total assets		<u>26,276</u>	<u>24,579</u>	<u>24,767</u>
EQUITY				
Capital and reserves attributable to the equity holders of the parent				
Share capital		635	635	635
Capital reserve		16	16	16
Share premium account		2,890	2,890	2,890
Retained earnings		<u>7,182</u>	<u>6,620</u>	<u>7,098</u>
Total equity		<u>10,723</u>	<u>10,161</u>	<u>10,639</u>
LIABILITIES				
Non-current liabilities				
Other interest-bearing loans and borrowings		1,467	2,542	2,159
Employee benefits		<u>631</u>	<u>1,470</u>	<u>662</u>
		2,098	4,012	2,821
Current liabilities				
Bank overdraft		2,136	1,053	1,737
Other interest-bearing loans and borrowings		1,056	792	971
Trade and other payables		9,871	8,019	8,184
Provision for other liabilities and charges		177	199	199
Tax payable		215	343	216
		<u>13,455</u>	<u>10,406</u>	<u>11,307</u>
Total liabilities		<u>15,553</u>	<u>14,418</u>	<u>14,128</u>
Total equity and liabilities		<u>26,276</u>	<u>24,579</u>	<u>24,767</u>

Consolidated Statement of Changes in Equity

	Share Capital £000	Capital Redemption Reserve £000	Share Premium Account £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2017	635	16	2,890	6,289	9,830
Profit for the period	-	-	-	331	331
Pension fund actuarial movement net of tax	-	-	-	-	-
Dividends paid	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>331</u>	<u>331</u>
Balance at 30 June 2017	<u>635</u>	<u>16</u>	<u>2,890</u>	<u>6,620</u>	<u>10,161</u>
Balance at 1 January 2017	635	16	2,890	6,289	9,830
Profit for the period	-	-	-	730	730
Pension fund actuarial movement net of tax	-	-	-	619	619
Dividends paid	-	-	-	(540)	(540)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>809</u>	<u>809</u>
Balance at 31 December 2017	<u>635</u>	<u>16</u>	<u>2,890</u>	<u>7,098</u>	<u>10,639</u>
Balance at 1 January 2018	635	16	2,890	7,098	10,639
Profit for the period	-	-	-	84	84
Pension fund actuarial movement net of tax	-	-	-	-	-
Dividends paid	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>84</u>	<u>84</u>
Balance at 30 June 2018	<u>635</u>	<u>16</u>	<u>2,890</u>	<u>7,182</u>	<u>10,723</u>

Consolidated Statement of Cash Flows

	6 months ended 30.06.18 (Unaudited) £000	6 months ended 30.06.17 (Unaudited) £000	Year ended 31.12.17 (Audited) £000
Cash flows from operating activities			
Profit for the period	84	331	730
Adjustments for:			
Depreciation	640	556	1,135
Loss on sale of fixed assets	-	6	10
Finance costs	95	82	156
Taxation	12	92	197
Operating profit before changes in working capital and provisions	<u>831</u>	<u>1,067</u>	<u>2,228</u>
Movement in trade and other receivables	144	(650)	(772)
Movement in inventories	(1,093)	(69)	85
Movement in trade and other payables	1,687	(2)	163
Decrease in provisions	(22)	-	-
Movement in employee benefits	(50)	(50)	(100)
Cash generated from operations	<u>1,497</u>	<u>296</u>	<u>1,604</u>
Tax paid	(13)	-	(223)
Net cash generated from operating activities	<u>1,484</u>	<u>296</u>	<u>1,381</u>
Cash flows from investing activities			
Purchases of property, plant and equipment (PPE)	(1,204)	(914)	(1,188)
Proceeds from sale of PPE	4	36	39
Net cash used in investing activities	<u>(1,200)</u>	<u>(878)</u>	<u>(1,149)</u>
Cash flows from financing activities			
New borrowings	-	450	-
Repayments of borrowings	(216)	(316)	(534)
Finance lease payments	(391)	(308)	(532)
Interest paid	(76)	(54)	(120)
Dividends paid to company's shareholders	-	-	(540)
Net cash used in financing activities	<u>(683)</u>	<u>(228)</u>	<u>(1,726)</u>
Net decrease in cash and cash equivalents	<u>(399)</u>	<u>(243)</u>	<u>(1,494)</u>
Cash and cash equivalents at beginning of the period	<u>(1,737)</u>	<u>(810)</u>	<u>(243)</u>
Cash and cash equivalents at end of the period	<u>(2,136)</u>	<u>(1,053)</u>	<u>(1,737)</u>

Notes to the Interim Condensed Consolidated Financial Statements

1. Basis of preparation

The condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards as adopted by EU and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The condensed consolidated financial statements have not been audited or reviewed.

They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2017 annual report.

The comparative figures for the financial year ended 31st December 2017 are not the statutory financial statements for that financial year. Those financial statements have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Significant accounting policies

The condensed consolidated financial statements have been prepared under the historical cost convention.

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31st December 2017, with the exception of the application of IFRS 15 and IFRS 9 which had no significant impact on the results.

3. Segment information

The following is an analysis of the revenue and results for the period, analysed by business segment, the Group's primary basis of segmentation.

	Plastics £000	Engineering £000	Boards & Panels £000	Total for continuing operations £000
2018				
Revenue				
Total revenue from continuing operations	<u>11,718</u>	<u>6,493</u>	<u>2,366</u>	<u>20,577</u>
Result				
Segment result from continuing operations	602	47	30	679
Expenses pertaining to the Company				(488)
Operating profit				<u>191</u>
Finance costs				(95)
Profit before taxation				<u>96</u>
Taxation				(12)
Profit for the period from continuing operations				<u>84</u>

All operations are continuing.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

3. Segment information (continued)

Segment information about the Group's continuing operations is presented below.

	Plastics £000	Engineering £000	Boards & Panels £000	Total for continuing operations £000
2017				
Revenue				
Total revenue from continuing operations	<u>11,106</u>	<u>8,101</u>	<u>2,214</u>	<u>21,421</u>
Result				
Segment result from continuing operations	489	441	78	1,008
Expenses pertaining to the Company				(503)
Operating profit				505
Finance costs				(82)
Profit before taxation				423
Taxation				(92)
Profit for the period from continuing operations				<u>331</u>

4. Taxation

Interim period corporation tax is accrued based on the estimated average annual effective income tax rate of 19% (6 months ended 30th June 2017: 20%).

5. Earnings per share

Basic earnings per share of 1.3p (2017: 5.2p) is based on the following data.

Earnings	6 months ended 30.06.18 (Unaudited) £000	6 months ended 30.06.17 (Unaudited) £000
Earnings for the purposes of basic earnings per share	<u>84</u>	<u>331</u>
Number of shares	6 months ended 30.06.18 (Unaudited)	6 months ended 30.06.17 (Unaudited)
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>6,351,452</u>	<u>6,351,452</u>

Notes to the Interim Condensed Consolidated Financial Statements (continued)

6. Dividends

During the interim period, no dividends were paid (2017: £Nil).

7. Property, plant and equipment

During the period, the Group spent £1,204,000 on additions.

It also disposed of certain machinery and equipment with a carrying value of £4,000 for proceeds of £4,000.

8. Related party transactions

The Company has a related party relationship with its subsidiaries and directors.

ARB Burrows has an interest in Edward Le Bas Properties Limited through which the Group rents properties at normal commercial rates. Transactions during the period ended 30th June 2018 that require disclosure are detailed below:

Rentals paid	£343,000 (30th June 2017: £159,000)
Trade payables	£14,777 (30th June 2017: £Nil)

ARB Burrows has an interest in IS&G Steel Stockholders Limited through which the Group purchases steel. Transactions during the period ended 30th June 2018 that require disclosure are detailed below:

Purchases	£92,165 (30th June 2017: £97,379)
Trade payables	£52,701 (30th June 2017: £60,588)

ARB Burrows is a trustee and a beneficiary of the Pension and Assurance Scheme of Edward Le Bas Limited, which is a substantial shareholder in the Company.

All intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the Group and therefore in accordance with IAS 24 related party disclosures are not disclosed.

9. Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on 14th August 2018.

TEX
HOLDINGS p l c

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