

Tex Holdings plc
Results Announcement

31st December 2018
Registered number 00405838

Further to the announcement of 31st July 2019, the Company confirms that its annual report for the 12 months ended 31st December 2018 is now available at Companies House and has been submitted to the Financial Conduct Authority through the National Storage Mechanism and will shortly be available for inspection at: <http://www.morningstar.co.uk/uk/NSM>. The Annual Report is also available on the Company's website www.tex-holdings.co.uk

The Company also includes below extracts from the Annual Report:

CHAIRMAN'S STATEMENT

Results for year ended 31st December 2018

Results and operations

Tex Group sales were £40m (2017: £42m). Gross margins reduce from 28.4% to 25%.

The Plastics Division profits have reduced marginally as a result of increased labour and power costs, partly compensated by increased volumes. The Engineering Division had a very challenging year and produced a significant loss with trading issues around sales volumes and mix in some companies, after incurring further relocation costs, write-off of design and other costs relating to contracts expected to be shipped in 2019 and provision against debtor balances. The Boards & Panels Division performance was down on the previous year as a result of increased costs of gearing up for the expanded operations within the new factory currently under construction at the Brigg site.

The Group reported a pre-tax trading loss of £180k for the year (2017: profit £927k), but this was increased by an exceptional IAS19 adjustment for GMP equalisation of £543k which took the total reported pre-tax loss for the year to £714k.

The challenging conditions in the Engineering Division were largely responsible for the Group breaching certain banking covenants and then in early 2019 having trading in its shares suspended. More detail about these events are given in the Strategic Report.

The Group's net assets per share have decreased from 168p to 140p, driven by the increase in the pension scheme deficit and the reported loss for the current year.

Prospects and dividends

The Plastics Division has continued to trade profitably as expected in 2019. Opening orders have been strong within the Engineering Division with the Group order book in excess of £10,000,000 and the Board is confident that appropriate steps have been taken to address the issues seen during 2018 referred to later. The overall Group performance for the first five months remains challenging, however the Board look forward to reporting an improved position for the full 2019 based on an anticipated improved Engineering Division performance once delayed projects go ahead.

We recommend a final dividend of Nil (2017: 6.0 pence), making an overall payment in respect of the year of 2.5 pence (2017: 8.5 pence).

Staff

I would like to thank staff at all levels in the Group for their contribution to the result for the year.

G C Gray
Chairman
31st July 2019

RESULTS IN BRIEF

	Year ended 31/12/18 £000	Year ended 31/12/17 £000
Revenue	40,354	41,505
(Loss)/profit before taxation	(714)	927
Taxation	124	(197)
(Loss)/profit after taxation	(590)	730
Total equity	8,847	10,639
Net assets per share	140p	168p
Basic earnings per share	(9.3)p	11.5p
Diluted earnings per share	(9.3)p	11.5p
Dividends per share (based on interim dividend in the year, special dividend and final dividend proposed)	2.5p	8.5p

Consolidated Income Statement
for the year ended 31st December 2018

	Year ended 31/12/18 £000	Year ended 31/12/17 £000
Revenue	40,354	41,505
Cost of sales	(30,150)	(29,681)
Gross profit	10,204	11,824
Distribution costs	(1,040)	(1,073)
Administrative expenses	(9,724)	(9,668)
Operating (loss)/profit	(560)	1,083
Finance costs	(154)	(156)
(Loss)/profit before taxation	(714)	927
Taxation	124	(197)
(Loss)/profit for the year attributable to the equity holders of the Parent Company	(590)	730
Earnings per share attributable to the equity holders of the Parent Company		
Basic and diluted	(9.3)p	11.5p

Consolidated Statement of Comprehensive Income
for the year ended 31st December 2018

	Year ended 31/12/18 £000	Year ended 31/12/17 £000
(Loss)/profit for the year attributable to the equity holders of the Parent Company	(590)	730
Other comprehensive income		
Items that will not subsequently be reclassified to profit or loss:		
Actuarial (loss)/gain on defined benefit pension plans	(713)	767
Deferred taxation recognised on actuarial loss/(gain) on defined benefit pension plan recognised directly in equity	135	(148)
Other comprehensive (expense)/income for the year	(578)	619
Total comprehensive (loss)/income for the year attributable to the equity holders of the Parent Company	(1,168)	1,349

Consolidated Balance Sheets
at 31st December 2018

	31/12/18 £000	31/12/17 £000
Assets		
Non-current assets		
Property, plant and equipment	8,007	6,557
Investments	-	-
Deferred taxation assets	213	20
	8,220	6,577
Current assets		
Inventories	8,271	6,798
Trade and other receivables	10,011	11,392
	18,282	18,190
Total assets	26,502	24,767
Equity		
Capital and reserves attributable to the equity holders of the Parent Company		
Share capital	635	635
Capital redemption reserve	16	16
Other reserve	678	678
Share premium account	2,890	2,890
Retained earnings	4,628	6,420
Total equity	8,847	10,639
Liabilities		
Non-current liabilities		
Other interest-bearing loans and borrowings	1,275	2,159
Employee benefits	1,833	662
	3,108	2,821
Current liabilities		
Bank overdraft	2,105	1,737
Other interest-bearing loans and borrowings	2,941	971
Trade and other payables	9,226	8,184
Provisions	128	199
Taxation payable	147	216
	14,547	11,307
Total liabilities	17,655	14,128
Total equity and liabilities	26,502	24,767

These financial statements were approved by the Board of Directors on 31st July 2019 and were signed on its behalf by:

GC Gray
Director

CA Parker
Director

Registered number: 00405838

Consolidated Statements of Changes in Equity
at 31st December 2018

Consolidated	Share capital £000	Capital reserve £000	Other reserves £000	Share premium account £000	Retained earnings £000	Total £000
Balance at 1st January 2017	635	16	678	2,890	5,611	9,830
Profit for the year	-	-	-	-	730	730
Pension fund actuarial movement net of taxation	-	-	-	-	619	619
Total comprehensive income	-	-	-	-	1,349	1,349
Contributions by and distributions to owners:						
Dividends paid	-	-	-	-	(540)	(540)
Balance at 31st December 2017 and 1st January 2018	635	16	678	2,890	6,420	10,639
Loss for the year	-	-	-	-	(590)	(590)
IFRS15 adjustment to opening reserves	-	-	-	-	(91)	(91)
Pension fund actuarial movement net of taxation	-	-	-	-	(578)	(578)
Total comprehensive (expense)/income	-	-	-	-	(1,259)	(1,259)
Contributions by and distributions to owners:						
Dividends paid	-	-	-	-	(533)	(533)
Balance at 31st December 2018	635	16	678	2,890	4,628	8,847

Consolidated Cash Flow Statements
for the year ended 31st December 2018

	Year ended 31/12/18 £000	Year ended 31/12/17 £000
Cash flows from operating activities		
(Loss)/profit for the year	(590)	730
<i>Adjustments for:</i>		
Dividends received	-	-
Interest received from subsidiaries	-	-
Depreciation	1,309	1,135
GMP equalisation	543	-
Impairment of investments	-	-
Restatement of opening reserves	(91)	-
Loss on sale of fixed assets	(15)	10
Financial expense	154	156
Taxation	(124)	197
	1,186	2,228
Decrease/(increase) in trade and other receivables	1,381	(772)
(Increase)/decrease in inventories	(1,473)	85
Increase/(decrease) in trade and other payables	1,042	163
(Decrease)/increase in provisions	(71)	-
Decrease in employee benefits	(100)	(100)
Cash generated from operations	1,965	1,604
Taxation paid	(3)	(223)
Net cash generated from operating activities	1,962	1,381
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,783)	(1,188)
Proceeds from sale of property, plant and equipment	39	39
Dividends received	-	-
Interest received	-	-
Advances of loans to subsidiaries	-	-
Net cash used in investing activities	(2,744)	(1,149)
Cash flows from financing activities		
New borrowings	1,954	-
Repayments of borrowings	(416)	(534)
Finance lease payments	(452)	(532)
Interest paid	(139)	(120)
Dividends paid	(533)	(540)
Net cash generated/(used in) from financing activities	414	(1,726)
Net (decrease)/increase in cash and cash equivalents	(368)	(1,494)
Cash and cash equivalents at beginning of the year	(1,737)	(243)
Cash and cash equivalents at end of the year	(2,105)	(1,737)

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. 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 2018 annual report.

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 which resulted in a £90,782 decrease to profit and retained earnings as at 1st January 2018, reflecting the re-allocation of the profit recognition on the aircraft carrier project, now based on completion rather than percentage of expenditure at the average margin on the project.

3. 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. Transactions during the period ended 31st December 2018 that require disclosure are detailed below:

Rentals paid (excluding recharge of ancillary costs)	£460,914 (31st December 2017: £383,904)
Other property related expenditure	£186,374 (31st December 2017: £144,162)
Trade payables	£22,333 (31st December 2017: £17,777)

ARB Burrows has an interest in IS&G Steel Stockholders Limited through which the Group purchases steel. Transactions during the period ended 31st December 2018 that require disclosure are detailed below:

Purchases	£193,151 (31st December 2017: £173,391)
Trade payables	£62,109 (31st December 2017: £52,305)

ARB Burrows has an interest in Le Bas Investment Trust Limited through which the Group has borrowed a short-term loan. Transactions during the period ended 31st December 2018 that require disclosure are detailed below:

Interest (3.75%)	£4,675 (31st December 2017: £Nil)
Loan balance	£1,300,000 (31st December 2017: £Nil)

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.

The statement of Directors' responsibilities is set out on pages 18 and 19 of the Company's annual report and financial statements for the year ended 31st December 2018.

Notes:

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31st December 2017 or 31st December 2018. The auditor has reported on the statutory accounts for 31st December 2018 and their report was a disclaimer of opinion. The full audit report is contained on pages 27 – 36 of the Company's annual report and financial statements for the year ended 31st December 2018. The statutory accounts for 31st December 2018 have been delivered to the Registrar of Companies.

Statutory accounts for 2017 were delivered to the Registrar of Companies. The previous auditor reported on the accounts for 2017 and their report was unqualified.