



**TEX**  
**HOLDINGS PLC**

INTERIM REPORT 2019

**PLASTICS | BOARDS & PANELS | ENGINEERING**

# Directors

|                               |  |
|-------------------------------|--|
| <b>Directors</b>              | ARB Burrows<br>GC Gray (Chairman)<br>CD Palmer-Tomkinson<br>CA Parker, FCA<br>D Redhead<br>CT Varley (Resigned 30.04.19)   |
| <b>Secretary</b>              | CA Parker, FCA   |
| <b>Registered office</b>      | Claydon Business Park<br>Gipping Road<br>Great Blakenham<br>Ipswich<br>Suffolk IP6 0NL<br>United Kingdom   |
| <b>Registered number</b>      | 00405838   |
| <b>Principal subsidiaries</b> | Tex Plastics (Derby) Limited<br>Tex Plastics (Barnstaple) Limited<br><br>BSP International Foundations Limited<br>Eurotex International Limited<br>Tex Engineering Limited<br>Tex Special Projects Limited<br>Tex A.T.C. Services Limited<br>Tex Air Traffic Control Rooms Limited<br>G&M TEX Ltd<br><br>QK Honeycomb Products Limited |

# Chairman's Statement

Group turnover for the six months to 30th June 2019 was higher in comparison to the same period in the previous year. However, as a consequence of lower margins and additional professional fees, the half year result is a pre-tax loss.

The Plastics Division, with a small increase in turnover increased the operating profit by eight percent.

The Boards & Panels Division had a static turnover year on year, but the operating profit has increased as a result of improved margins following the recruitment of a new Production Director, as noted in last year's report.

The new factory in Brigg has now been completed. The new Edging Machine has also been installed and initial production has commenced.

The Engineering Division turnover has increased by seventeen percent due to the despatch of a number of significant orders received in 2018. However, the Division has produced a loss due to the mix of sales with a lower margin. The Division has entered the second half of the year with an order book in excess of £5,000,000 which is expected to consist of an improvement in the mix of business with increased margins.

The contracts to supply "flat pack" air traffic control rooms to Nigeria, to be supplied by the Tex A.T.C. Division, have been delayed. Customers are awaiting funds from the Nigerian Government; these funds are now understood to have been released.

The Group has been offered a £7,000,000 term loan from associates of the major shareholder. A circular is due to be issued shortly calling an extraordinary general meeting for shareholders to approve the transaction.

The Group has experienced a slow-down in the UK domestic and European markets due to the uncertainty and general lack of confidence surrounding the Brexit issue.

The Board, whilst remaining cautious, anticipates that investments in assets and acquisitions will result in an improvement in trading performance, albeit with higher working capital.

The Board is not proposing to pay an interim dividend (2018: 2.5 pence).

GC Gray  
Chairman  
28th August 2019

# 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  
28th August 2019

# Consolidated Statement of Comprehensive Income

|  |         | 6 months<br>ended<br>30.06.19<br>(Unaudited)<br>£000 | 6 months<br>ended<br>30.06.18<br>(Unaudited)<br>£000 | Year<br>ended<br>31.12.18<br>(Audited)<br>£000 |
|--|---------|--|--|--|
| Revenue  | Notes 3 | 21,805   | 20,577   | 40,354   |
| Cost of sales  |         | <u>(15,274)</u>                                      | <u>(14,319)</u>                                      | <u>(30,150)</u>                                |
| Gross profit   |         | 6,531  | 6,258  | 10,204   |
| Selling and marketing costs                                |         | (502)  | (540)  | (1,040)  |
| Administrative expenses                                    |         | <u>(6,045)</u>                                       | <u>(5,527)</u>                                       | <u>(9,724)</u>                                 |
| Operating (loss)/profit                                    |         | (16)   | 191  | (560)  |
| Finance costs  |         | <u>(302)</u>   | <u>(95)</u>  | <u>(154)</u>                                   |
| (Loss)/profit before taxation                              |         | (318)  | 96   | (714)  |
| Taxation   | 4       | <u>52</u>  | <u>(12)</u>  | <u>124</u>                                     |
| (Loss)/profit for the period                               |         | <u>(266)</u>   | 84   | (590)  |
| <b>Other comprehensive income:</b>                         |         |  |  |  |
| Actuarial loss arising on defined benefit pension scheme   |         | -  | -  | (713)  |
| Tax recognised on actuarial loss on defined pension scheme |         | -  | -  | 135  |
| Total comprehensive (loss)/income for the period           |         | <u>(266)</u>   | <u>84</u>  | <u>(1,168)</u>                                 |
| Basic and diluted earnings per share                       |         | <u>(4.2)p</u>  | <u>1.3p</u>  | <u>(9.3)p</u>                                  |

# Consolidated Balance Sheet

|  | Notes | As at<br>30.06.19<br>(Unaudited)<br>£000 | As at<br>30.06.18<br>(Unaudited)<br>£000 | As at<br>31.12.18<br>(Audited)<br>£000 |
|--|-------|--|--|--|
| <b>ASSETS</b>  |       |  |  |  |
| <b>Non-current assets</b>  |       |  |  |  |
| Property, plant and equipment  | 7     | 14,295                                   | 7,117                                    | 8,007                                  |
| Deferred tax assets  |       | 213                                      | 20                                       | 213                                    |
|  |       | <u>14,508</u>                            | <u>7,137</u>                             | <u>8,220</u>                           |
| <b>Current assets</b>  |       |  |  |  |
| Inventories  |       | 8,433                                    | 7,891                                    | 8,271                                  |
| Trade and other receivables  |       | 9,559                                    | 11,248                                   | 10,011                                 |
| Cash in hand   |       | -  | -  | -                                      |
|  |       | <u>17,992</u>                            | <u>19,139</u>                            | <u>18,282</u>                          |
| <b>Total assets</b>  |       | <u><u>32,500</u></u>                     | <u><u>26,276</u></u>                     | <u><u>26,502</u></u>                   |
| <b>EQUITY</b>  |       |  |  |  |
| <b>Capital and reserves attributable to the equity holders of the parent</b> |       |  |  |  |
| Share capital  |       | 635                                      | 635                                      | 635                                    |
| Capital reserve  |       | 16                                       | 16                                       | 16                                     |
| Other reserve  |       | 678                                      | 678                                      | 678                                    |
| Share premium account  |       | 2,890                                    | 2,890                                    | 2,890                                  |
| Retained earnings  |       | 4,316                                    | 6,504                                    | 4,628                                  |
| <b>Total equity</b>  |       | <u><u>8,535</u></u>                      | <u><u>10,723</u></u>                     | <u><u>8,847</u></u>                    |
| <b>LIABILITIES</b>   |       |  |  |  |
| <b>Non-current liabilities</b>   |       |  |  |  |
| Other interest-bearing loans and borrowings                                  |       | 6,025                                    | 1,467                                    | 1,275                                  |
| Employee benefits  |       | 1,843                                    | 631                                      | 1,833                                  |
|  |       | <u>7,868</u>                             | <u>2,098</u>                             | <u>3,108</u>                           |
| <b>Current liabilities</b>   |       |  |  |  |
| Bank overdraft   |       | 3,166                                    | 2,136                                    | 2,105                                  |
| Other interest-bearing loans and borrowings                                  |       | 3,526                                    | 1,056                                    | 2,941                                  |
| Trade and other payables   |       | 9,277                                    | 9,871                                    | 9,226                                  |
| Provision for other liabilities and charges                                  |       | 128                                      | 177                                      | 128                                    |
| Tax payable  |       | -  | 215                                      | 147                                    |
|  |       | <u>16,097</u>                            | <u>13,455</u>                            | <u>14,547</u>                          |
| <b>Total liabilities</b>   |       | <u><u>23,965</u></u>                     | <u><u>15,553</u></u>                     | <u><u>17,655</u></u>                   |
| <b>Total equity and liabilities</b>  |       | <u><u>32,500</u></u>                     | <u><u>26,276</u></u>                     | <u><u>26,502</u></u>                   |

# Consolidated Statement of Changes in Equity

|  | Share<br>Capital<br>£000 | Capital<br>Redemption<br>Reserve<br>£000 | Other<br>Reserve<br>£000 | Share<br>Premium<br>Account<br>£000 | Retained<br>Earnings<br>£000 | Total<br>Equity<br>£000 |
|--|--------------------------|--|--------------------------|-------------------------------------|------------------------------|-------------------------|
| Balance at                                       |                          |  |                          |                                     |                              |                         |
| 1 January 2018                                   | 635                      | 16                                       | 678                      | 2,890                               | 6,420                        | 10,639                  |
| Profit for the period                            | -                        | -  | -                        | -                                   | 84                           | 84                      |
| Pension fund<br>actuarial movement<br>net of tax | -                        | -  | -                        | -                                   | -                            | -                       |
| Dividends paid                                   | -                        | -  | -                        | -                                   | -                            | -                       |
|  | <u>-</u>                 | <u>-</u>                                 | <u>-</u>                 | <u>-</u>                            | <u>84</u>                    | <u>84</u>               |
| Balance at<br>30 June 2018                       | <u>635</u>               | <u>16</u>                                | <u>678</u>               | <u>2,890</u>                        | <u>6,504</u>                 | <u>10,723</u>           |
| Balance at                                       |                          |  |                          |                                     |                              |                         |
| 1 January 2018                                   | 635                      | 16                                       | 678                      | 2,890                               | 6,420                        | 10,639                  |
| Loss for the period                              | -                        | -  | -                        | -                                   | (590)                        | (590)                   |
| IFRS15 adjustment<br>to opening reserves         | -                        | -  | -                        | -                                   | (91)                         | (91)                    |
| Pension fund<br>actuarial movement<br>net of tax | -                        | -  | -                        | -                                   | (578)                        | (578)                   |
| Dividends paid                                   | -                        | -  | -                        | -                                   | (533)                        | (533)                   |
|  | <u>-</u>                 | <u>-</u>                                 | <u>-</u>                 | <u>-</u>                            | <u>(1,792)</u>               | <u>(1,792)</u>          |
| Balance at<br>31 December 2018                   | <u>635</u>               | <u>16</u>                                | <u>678</u>               | <u>2,890</u>                        | <u>4,628</u>                 | <u>8,847</u>            |
| Balance at                                       |                          |  |                          |                                     |                              |                         |
| 1 January 2019                                   | 635                      | 16                                       | 678                      | 2,890                               | 4,628                        | 8,847                   |
| Loss for the period                              | -                        | -  | -                        | -                                   | (266)                        | (266)                   |
| IFRS16 adjustment<br>to opening reserves         | -                        | -  | -                        | -                                   | (46)                         | (46)                    |
| Pension fund<br>actuarial movement<br>net of tax | -                        | -  | -                        | -                                   | -                            | -                       |
| Dividends paid                                   | -                        | -  | -                        | -                                   | -                            | -                       |
|  | <u>-</u>                 | <u>-</u>                                 | <u>-</u>                 | <u>-</u>                            | <u>(312)</u>                 | <u>(312)</u>            |
| <b>Balance at<br/>30 June 2019</b>               | <u><b>635</b></u>        | <u><b>16</b></u>                         | <u><b>678</b></u>        | <u><b>2,890</b></u>                 | <u><b>4,316</b></u>          | <u><b>8,535</b></u>     |

# Consolidated Statement of Cash Flows

|  | 6 months<br>ended<br>30.06.19<br>(Unaudited)<br>£000 | 6 months<br>ended<br>30.06.18<br>(Unaudited)<br>£000 | Year<br>ended<br>31.12.18<br>(Audited)<br>£000 |
|--|--|--|--|
| <b>Cash flows from operating activities</b>                              |  |  |  |
| (Loss)/profit for the period   | (266)  | 84   | (590)  |
| Adjustments for:   |  |  |  |
| Depreciation   | 994  | 640  | 1,309  |
| GMP equalisation   | -  | -  | 543  |
| Restatement of opening reserves  | (46)   | -  | (91)   |
| Loss on sale of fixed assets   | (2)  | -  | (15)   |
| Finance costs  | 302  | 95   | 154  |
| Taxation   | (52)   | 12   | (124)  |
| <b>Operating profit before changes in working capital and provisions</b> | <u>930</u>   | <u>831</u>   | <u>1,186</u>                                   |
| Movement in trade and other receivables                                  | 508  | 144  | 1,381  |
| Movement in inventories  | (162)  | (1,093)  | (1,473)  |
| Movement in trade and other payables                                     | 51   | 1,687  | 1,042  |
| Decrease in provisions   | -  | (22)   | (71)   |
| Movement in employee benefits  | (50)   | (50)   | (100)  |
| <b>Cash generated from operations</b>                                    | <u>1,277</u>   | <u>1,497</u>   | <u>1,965</u>                                   |
| Tax paid   | (151)  | (13)   | (3)  |
| <b>Net cash generated from operating activities</b>                      | <u>1,126</u>   | <u>1,484</u>   | <u>1,962</u>                                   |
| <b>Cash flows from investing activities</b>                              |  |  |  |
| Purchases of property, plant and equipment (PPE)                         | (7,282)  | (1,204)  | (2,783)  |
| Proceeds from sale of PPE  | 2  | 4  | 39   |
| <b>Net cash used in investing activities</b>                             | <u>(7,280)</u>                                       | <u>(1,200)</u>                                       | <u>(2,744)</u>                                 |
| <b>Cash flows from financing activities</b>                              |  |  |  |
| New borrowings   | 6,339  | -  | 1,954  |
| Repayments of borrowings   | (400)  | (216)  | (416)  |
| Finance lease payments   | (604)  | (391)  | (452)  |
| Interest paid  | (242)  | (76)   | (139)  |
| Dividends paid to company's shareholders                                 | -  | -  | (533)  |
| <b>Net cash used in financing activities</b>                             | <u>5,093</u>   | <u>(683)</u>   | <u>414</u>                                     |
| <b>Net decrease in cash and cash equivalents</b>                         | <u>(1,061)</u>                                       | <u>(399)</u>   | <u>(368)</u>                                   |
| Cash and cash equivalents at beginning of the period                     | <u>(2,105)</u>                                       | <u>(1,737)</u>                                       | <u>(1,737)</u>                                 |
| <b>Cash and cash equivalents at end of the period</b>                    | <u>(3,166)</u>                                       | <u>(2,136)</u>                                       | <u>(2,105)</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 2018 annual report.

The comparative figures for the financial year ended 31st December 2018 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) a disclaimer of opinion, (ii) did include a reference to any matters to which the auditors drew attention by way of emphasis, and (iii) did 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 2018, with the exception of the application of IFRS 16 which increased the loss by £19,000

## 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<br>£000 | Engineering<br>£000 | Boards<br>& Panels<br>£000 | Total for<br>continuing<br>operations<br>£000 |
|--|------------------|---------------------|----------------------------|---|
| <b>2019</b>                                    |                  |                     |                            |   |
| <b>Revenue</b>                                 |                  |                     |                            |   |
| Total revenue from continuing operations       | <u>11,843</u>    | <u>7,575</u>        | <u>2,387</u>               | <u>21,805</u>                                 |
| <b>Result</b>                                  |                  |                     |                            |   |
| Segment result from continuing operations      | 652              | (436)               | 82                         | 298   |
| Expenses pertaining to the Company             |                  |                     |                            | (314)   |
| Operating loss                                 |                  |                     |                            | (16)  |
| Finance costs                                  |                  |                     |                            | (302)   |
| Loss before taxation                           |                  |                     |                            | (318)   |
| Taxation                                       |                  |                     |                            | 52  |
| Loss for the period from continuing operations |                  |                     |                            | <u>(266)</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<br>£000 | Engineering<br>£000 | Boards<br>& Panels<br>£000 | Total for<br>continuing<br>operations<br>£000 |
|--|------------------|---------------------|----------------------------|---|
| <b>2018</b>                                      |                  |                     |                            |   |
| <b>Revenue</b>                                   |                  |                     |                            |   |
| Total revenue from continuing operations         | <u>11,718</u>    | <u>6,493</u>        | <u>2,366</u>               | <u>20,577</u>                                 |
| <b>Result</b>                                    |                  |                     |                            |   |
| Segment result from continuing operations        | 602              | 47                  | 30                         | 679   |
| Expenses pertaining to the Company               |                  |                     |                            | (488)   |
| Operating profit                                 |                  |                     |                            | 191   |
| Finance costs                                    |                  |                     |                            | (95)  |
| Profit before taxation                           |                  |                     |                            | 96  |
| Taxation   |                  |                     |                            | (12)  |
| Profit for the period from continuing operations |                  |                     |                            | <u>84</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 2018: 19%).

## 5. Earnings per share

Basic earnings per share of (4.2)p (2018: 1.3p) is based on the following data.

|   |   |  |
|---|---|--|
| <b>Earnings</b>   | <b>6 months ended 30.06.19 (Unaudited) £000</b> | 6 months ended 30.06.18 (Unaudited) £000 |
| Earnings for the purposes of basic earnings per share                                   | <u>(266)</u>                                    | <u>84</u>                                |
| <b>Number of shares</b>   | <b>6 months ended 30.06.19 (Unaudited)</b>      | 6 months ended 30.06.18 (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 (2018: £Nil).

## 7. Property, plant and equipment

During the period, the Group spent £272,000 on additions.

It also disposed of certain machinery and equipment with a carrying value of £Nil for proceeds of £2,000.

## 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 2019 that require disclosure are detailed below:

|                                    |          |                            |
|------------------------------------|----------|----------------------------|
| Rentals paid                       | £257,000 | (30th June 2018: £213,000) |
| Other property related expenditure | £93,000  | (30th June 2018: £130,000) |
| Trade payables                     | £14,692  | (30th June 2018: £14,777)  |

ARB Burrows has an interest in IS&G Steel Stockholders Limited through which the Group purchases steel. Transactions during the period ended 30th June 2019 that require disclosure are detailed below:

|                |          |                           |
|----------------|----------|---------------------------|
| Purchases      | £139,274 | (30th June 2018: £92,165) |
| Trade payables | £63,074  | (30th June 2018: £52,701) |

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%) | £24,719    | (31st December 2017: £Nil) |
| Loan balance     | £1,700,000 | (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.

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 28th August 2019.

**TEX**  
**HOLDINGS p l c**

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