Preliminary Results

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Thorpe(F.W.) PLC
20 September 2018

PRELIMINARY RESULTS
FOR THE YEAR ENDED 30 JUNE 2018 (UNAUDITED)

FW Thorpe Plc, designers, manufacturers and suppliers of professional lighting systems for the specification market, is pleased to announce its preliminary results for the year ended 30 June 2018.

Key points:

Continuing operations	2018	2017		*Exc. Famostar acquisition*
Revenue	**£109.6m**	£105.4m	*4.0% increase*	*0.4% increase*
Operating profit	**£19.5m**	£18.4m	*5.7% increase*	*1.8% increase*
Profit before tax	**£19.6m**	£18.4m	*6.6% increase*	*2.7% increase*
Basic earnings per share	**13.91p**	12.54p	*10.9% increase*	*7.8% increase*

- Total interim and final dividend of 5.40p (2017: 4.90p) - an increase of 10.2%
- Revenue and operating profit growth driven by the acquisition of Famostar B.V. and a strong performance from existing overseas sales offices
- Continued investment in the Group - development of high technology lighting, purchase of the Lightronics facility in the Netherlands and a new printed circuit board line at TRT Lighting

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR).

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FW Thorpe Plc

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CHAIRMAN'S STATEMENT

FW Thorpe Plc achieved record revenue and profit levels in the 2017/18 financial year, even superseding last year's big stride forward in performance. This result was supported by growth from our operations overseas, including the addition of Famostar B.V.

GROUP RESULTS

In 2017/18, our revenue reached £109.6m, an increase of 4.0%, and operating profit was £19.5m, up 5.7%. This result is very credible, particularly against the backdrop of softer market conditions reported by some of our mainstream competitors.

Over the last few years, we have actively divested and re-organised those parts of the Group that have not contributed for many years, either financially or technically, and which we felt had no long-term future within the Group. We have also endeavoured to add businesses that give us access to new territories and the potential to share technology to develop market-leading products for our customers. I am pleased to report the continued success and profitability of all our remaining businesses, and especially our acquisitions.

I would like to make special mention of our colleagues at Lightronics, in the Netherlands, who have had another successful year, I would also like to welcome Famostar to our group; the company has certainly joined us in 'top gear' and has made a healthy contribution to this year's result.

General market conditions in the Netherlands seem good, and it is not an accident that we are enjoying some of that growth and helping to balance our risk in various markets. We have been actively working on this strategy over recent years, and this year saw some excellent growth in and a contribution from, various export markets, but with particularly good achievements by the UAE office and Australia.

There is a detailed summary of each company's performance later in our Annual Report and Accounts.

Performance as a whole for the year to 30 June 2018 allows your board to recommend a final dividend of 4.00p per share (2017: 3.55p), which gives a total for the year of 5.40p (2017: 4.90p).

This year saw our products move further forwards into the high technology lighting arena, bringing to market further wireless and software systems making our products capable of providing enhanced services beyond our traditional main selling point of saving energy. Latest developments, using the SmartScan platform, provide users with a building's occupancy statistics by area and even provide data that analyses people movement, helping to improve a business's efficiency, for example in a warehouse picking application to optimise product locations. Our emergency lights now provide exact test records, even indicating the day and date when tests were completed and producing their own downloadable test certificates. Certain emergency lights are now capable of providing statistical data regarding their local environment, such as humidity, air temperature and CO_2 concentration levels; this is potentially going to save one local hospital hundreds of pounds per day in manual test and measurement costs. We can now also change the colour temperature of our lights (warmer to cooler white), which is claimed to alter our hormone levels, to provide customers with options regarding health and wellbeing - and, quite amazingly, this is achieved wirelessly, in addition to all the other benefits our Smart luminaire technology provides. No wonder sales of these high technology systems rocketed this year with new customers found and others switching to this new technology. In the field of lighting controls I genuinely believe we are inventive and leading the way, but more importantly we do not just talk about what is possible - we deliver it!

Each year I sit down and think about what is next. I wonder which products we will find to differentiate ourselves from the cheaper competition. In the last few years, all our companies switched to almost 100% LED technology, and most now offer wireless solutions.

There seems no end to our ideas and innovation, and I am really looking forward to the launch of a completely new range of luminaires this autumn, which will reinvigorate the workplace through lighting and make the work environment a place where people want to be. Importantly, these luminaires will find applications in all our main market segments and give our sales engineers creative ways to light spaces. We have applied for several patents to protect our ideas. It is an exciting, albeit challenging, time to be running a group of lighting companies. If we can bring these new products to market quickly, I am confident it will give us a much needed boost to UK orders.

There is a general malaise in the UK market caused by a reduction in business confidence to invest in the construction sector and elsewhere as the country awaits Brexit and the return of political stability. We have enjoyed ongoing buoyancy throughout the government austerity drive, mainly due to the introduction of the new technologies mentioned above, but we believe that the boost has peaked.

Every company in the Group has a set of objectives, each of which is chosen to see the Group successfully through turbulent times. At each board meeting, these objectives are monitored and progressed. The Group's philosophy has not changed, and the board continues to invest for the long term and work hard to ensure the businesses operate a professional and low risk ethos. However, there is an inevitable focus on costs and, to that end, the board took the decision, in August, to close the production plant in Portsmouth, where demand has not been as high as originally anticipated.

Over the last 12 months, the previous Compact Lighting entity has been successfully integrated into the Thorlux Lighting UK operations, and all products have now been transferred to the Thorlux manufacturing systems. A small number of staff are likely to transfer to Thorlux headquarters in Redditch. I wish those seeking employment elsewhere success, and I would like to thank all employees affected for their understanding.

We continue to invest in the better performing areas of the Group and, in January, purchased the Lightronics building and adjoining buildings in Waalwijk in the Netherlands for €3.4m. A further £1.6m investment is being made in a new factory for Portland Lighting, close to its current rented accommodation in Walsall. Investments have also been made in electronic printed circuit board assembly equipment at TRT, to serve TRT's products locally and to provide risk mitigation for the Thorlux plant.

PERSONNEL

I would like to thank my whole team for their continued support and diligence. The long service records of many in management positions and in our lower ranks are proving invaluable as we steer our ship through economically and technologically changing times.

OUTLOOK

Whilst we have strengthened the position of the Group by restructuring loss making operations, diversifying the business through acquisitions and investing in product innovation, this year's excellent performance will be difficult to replicate as we contend with ongoing economic uncertainty, government instability and exchange rate volatility.

Whereas in recent years, we have worked hard to balance our risk by growing into new market sectors and territorial markets, the majority of our sales are still within the UK.

We are planning for the future uncertainty, and we have a strategy in place. We have great financial strength and excellent products that are in line with or ahead of latest trends, and we have a great team of focused people.

We are, however, to some extent, reliant on market conditions.

We intend to continue on the same path of steady, sustainable long-term growth.

M Allcock - Chairman
20 September 2018

CONSOLIDATED RESULTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2018

	Notes	**2018 £'000**	2017 £'000
Continuing operations			
Revenue	2	**109,614**	105,448
Cost of sales		**(58,305)**	(59,025)
Gross profit		**51,309**	46,423
Distribution costs		**(11,823)**	(10,598)
Administrative expenses		**(20,261)**	(17,636)
Other operating income		**241**	233
Operating profit	2	**19,466**	18,422
Finance income		**819**	535
Finance costs		**(718)**	(784)
Share of profit of joint ventures		**-**	178
Profit before income tax		**19,567**	18,351
Income tax expense	3	**(3,457)**	(3,851)
Profit for the year		**16,110**	14,500

Earnings per share from continuing operations attributable to the equity holders of the company during the year (expressed in pence per share).

Basic and diluted earnings per share		Notes	**2018 Pence**	2017 pence
- Basic	Total	8	**13.91**	12.54
- Diluted	Total	8	**13.81**	12.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	2018 £'000	2017 £'000
Profit for the year:	**16,110**	14,500
Other comprehensive income/(expenses)		
Items that may be reclassified to profit or loss		
Revaluation of available-for-sale financial assets		
- Arising in year	**189**	287

- Reclassified in year	**-**	-
Exchange differences on translation of foreign operations		
- Arising in year	**119**	657
- Reclassified in year	**-**	-
Taxation	**(32)**	18
	276	962
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on pension scheme	**1,459**	(1,211)
Movement on unrecognised pension scheme surplus	**(1,615)**	1,071
	(156)	(140)
Other comprehensive income for the year, net of tax	**120**	822
Total comprehensive income for the year attributable to equity shareholders	**16,230**	15,322

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	Group 2018 £'000	Group 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	5	**22,679**	18,837
Intangible assets	6	**21,596**	15,927
Investment property		**2,076**	2,163
Loans and receivables		**6,139**	3,058
Investment in associates		**936**	936
Available-for-sale financial assets		**3,820**	3,630
Deferred tax assets		**8**	19
		57,254	44,570
Current assets			
Inventories		**21,489**	22,592
Trade and other receivables		**23,416**	18,995
Other financial assets at fair value through profit or loss		**389**	389
Loans and receivables		**-**	750
Short-term financial assets	7	**15,290**	16,981
Cash and cash equivalents		**28,668**	24,678
Total current assets		**89,252**	84,385
Total assets		**146,506**	128,955
Liabilities			
Current liabilities			
Trade and other payables		**(19,253)**	(17,826)
Current income tax liabilities		**(1,853)**	(1,606)
Total current liabilities		**(21,106)**	(19,432)
Net current assets		**68,146**	64,953
Non-current liabilities			
Retirement benefit deficit		**-**	-
Other payables		**(10,329)**	(5,774)
Provisions for liabilities and charges		**(2,164)**	(1,537)
Deferred income tax liabilities		**(655)**	(920)
Total non-current liabilities		**(13,148)**	(8,231)
Total liabilities		**(34,254)**	(27,663)
Net assets		**112,252**	101,292
Equity			
Share capital		**1,189**	1,189
Share premium account		**1,017**	656
Capital redemption reserve		**137**	137
Foreign currency translation reserve		**2,382**	2,263

Retained earnings	**107,527**	97,047
Total equity	**112,252**	101,292

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2016		1,189	656	137	1,606	87,119	90,707
Comprehensive income							
Profit for the year to 30 June 2017		-	-	-	-	14,500	14,500
Actuarial loss on pension scheme		-	-	-	-	(1,211)	(1,211)
Movement on unrecognised pension scheme surplus		-	-	-	-	1,071	1,071
Revaluation of available-for-sale financial assets		-	-	-	-	287	287
Movement on associated deferred tax		-	-	-	-	(50)	(50)
Impact of deferred tax rate change		-	-	-	-	68	68
Exchange differences on translation of foreign operations		-	-	-	657	-	657
Total comprehensive income		-	-	-	657	14,665	15,322
Transactions with owners							
Dividends paid to shareholders	4	-	-	-	-	(4,858)	(4,858)
Share based payment charge		-	-	-	-	121	121
Total transactions with owners		-	-	-	-	(4,737)	(4,737)
Balance at 30 June 2017		**1,189**	**656**	**137**	**2,263**	**97,047**	**101,292**
Comprehensive income							
Profit for the year to 30 June 2018		-	-	-	-	16,110	16,110
Actuarial gain on pension scheme		-	-	-	-	1,459	1,459
Movement on unrecognised pension scheme surplus		-	-	-	-	(1,615)	(1,615)
Revaluation of available-for-sale financial assets		-	-	-	-	189	189
Movement on associated deferred tax		-	-	-	-	(32)	(32)
Exchange differences on translation of foreign operations		-	-	-	119	-	119
Total comprehensive income		-	-	-	119	16,111	16,230
Transactions with owners							
Shares issued from exercised options		-	361	-	-	-	361
Dividends paid to shareholders	4	-	-	-	-	(5,737)	(5,737)
Share based payment charge		-	-	-	-	106	106
Total transactions with owners		-	361	-	-	(5,631)	(5,270)
Balance at 30 June 2018		**1,189**	**1,017**	**137**	**2,382**	**107,527**	**112,252**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Notes	Group 2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from operations	9	**23,998**	22,380
Tax paid		**(3,291)**	(3,840)
Net cash generated from operating activities		**20,707**	18,540
Cash flows from investing activities			
Purchases of property, plant and equipment		**(6,049)**	(5,400)

Proceeds from sale of property, plant and equipment		**197**	262
Purchase of intangibles		**(1,967)**	(2,148)
Purchase of subsidiary (inclusive of cash acquired)		**(6,313)**	240
Sale/(purchase) of investment property		**67**	(100)
Sale of available-for-sale financial assets		**-**	5
Property rental and similar income		**190**	31
Dividend income		**190**	210
Net withdrawal/(deposit) of short-term financial assets		**1,691**	(2,071)
Interest received		**388**	393
Net (issue)/receipt of loan notes		**(2,022)**	1,090
Net cash used in investing activities		**(13,628)**	(7,488)
Cash flows from financing activities			
Net proceeds from the issuance of ordinary shares		**361**	-
Proceeds from loans		**2,337**	-
Dividends paid to company's shareholders	4	**(5,737)**	(4,858)
Net cash used in financing activities		**(3,039)**	(4,858)
Effects of exchange rate changes on cash		**(50)**	189
Net increase /(decrease) in cash in the year		**3,990**	6,383
Cash and cash equivalents at beginning of year		**24,678**	18,295
Cash and cash equivalents at end of year		**28,668**	24,678

NOTES (UNAUDITED)

1 BASIS OF PREPARATION

The financial information set out above has been prepared in accordance with International Financial Reporting Standards adopted by the European Union and the IFRS interpretations committee (IFRS IC) though does not constitute the Group's statutory accounts for the year ended 30 June 2018. The financial information has been prepared on a going concern basis, under the historical cost convention, as modified by available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through the profit and loss.

The Company and Group has adopted all IAS and IFRS adopted in the EU except for IAS 34, as AIM-listed companies are not required to adopt IAS 34. The Company and Group has not early adopted any other standards or interpretations not yet endorsed by the EU.

New or amended standards adopted for the year ending 30 June 2018 are:

Amendment to IAS 7, "Statement of cash flows" on disclosure initiative (effective 1 January 2017)
Amendment to IAS 12, "Income taxes" on recognition of deferred tax assets for unrealised losses (effective 1 January 2017)

The above new and amended standards had an immaterial impact on the financial statements and as such, the impact of adoption has not been separately disclosed.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning on or after 1 January 2018 or later periods. The new pronouncements that may have an effect on the Group are listed below:

IFRS 9 "Financial Instruments" (effective 1 January 2018)
IFRS 15 "Revenue from contracts with customers" (effective 1 January 2018)
Amendments to IFRS 2, 'Share based payments' - Classification and measurement (effective 1 January 2018)
Amendments to IFRS 4, Amendments regarding implementation of IFRS 9 (effective 1 January 2018)
Amendment to IFRS 9, 'Financial instruments', on general hedge accounting (effective date 1 Jan 2018)
IFRS 16 "Leases" (effective 1 January 2019)

IFRS 9 'Financial Instruments' is effective for accounting periods beginning on or after 1 January 2018, and will be adopted by the Group for the accounting period beginning 1 July 2018. The new standard replaces IAS 39 'Financial Instruments: Recognition & Measurement' and the changes introduced by the new standard can be grouped into the following three categories - Classification & Measurement, Impairment and Hedging. The Group are performing an impact assessment of the new standard and notes the following:

- Classification and measurement: IFRS 9 contains three principal classification categories for financial assets which are amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale financial assets. No material changes to net assets are expected from changes in the measurement basis of financial assets.

- Impairment: IFRS 9 introduces an expected credit loss model which requires expected credit losses and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Financial assets measured at amortised cost or FVOCI will be subject to the impairment provisions of IFRS 9. The Group has a low level of write-offs and strong credit control policies, and does not anticipate any material changes in the level of provision for financial assets.

- Hedging: IFRS 9 introduces new hedge accounting requirements of IFRS 9 will align hedge accounting relationships with the Group's risk management objectives and strategy. The Group does not apply hedge accounting, therefore no changes are anticipated arising from the new standard.

IFRS15 is effective for accounting periods beginning on or after 1 January 2018, and will be adopted by the Group for the accounting period beginning 1 July 2018. The standard requires entities to apportion revenue earned from contracts to individual performance obligations based on a five-step model. An impact assessment has been carried out and the following areas of potential differences were identified:

- Determination of performance obligations and the timing of revenue recognition for supply and install arrangements;
- Warranty arrangements

Subsequent to the impact assessment the directors do not expect IFRS15 to have a material impact on reported profits.

The directors are currently evaluating the impact of the adoption of the other standards, amendments and interpretations in future periods, although it is anticipated that these will have an immaterial impact on reported profits.

1 BASIS OF PREPARATION (CONTINUED)

The results and financial information for the year ended 30 June 2018 is unaudited but the statutory accounts for the year then ended will be delivered to the Registrar of Companies in due course, and expect the auditors' report to be unqualified and did not contain a statement under section 498(2) and (3) of the Companies Act 2006.

The financial statements are presented in Pounds Sterling, rounded to the nearest thousand.

2 SEGMENTAL ANALYSIS

(a) Business segments
The segmental analysis is presented on the same basis as that used for internal reporting purposes. For internal reporting FW Thorpe is organised into ten operating segments, based on the products and customer base in the lighting market - the largest business is Thorlux, which manufactures professional lighting systems for the industrial, commercial and controls markets. During the period, Compact Lighting Limited has been incorporated into the Thorlux segment further to previous announcements. The Lightronics business is a material subsidiary and therefore disclosed separately.

The eight remaining continuing operating segments have been aggregated into the 'other companies' segment based on their size, comprising the entities Philip Payne Limited, Solite Europe Limited, Portland Lighting Limited, TRT Lighting Limited, Thorlux Lighting LLC, Thorlux Australasia PTY Limited, Thorlux Lighting GmbH and Famostar B.V.

FW Thorpe's chief operating decision-maker (CODM) is the Group board. The Group board reviews the Group's internal reporting in order to monitor and assess the performance of the operating segments for the purpose of making decisions about resources to be allocated. Performance is evaluated based on a combination of revenue and operating profit. Assets and liabilities have not been segmented which is consistent with the Group's internal reporting.

	Thorlux £'000	Lightronics £'000	Other companies £'000	Inter-segment adjustments £'000	Total continuing operations £'000
Year to 30 June 2018					
Revenue to external customers	**64,645**	**20,860**	**24,109**	**-**	**109,614**
Revenue to other group companies	**3,930**	**196**	**2,956**	**(7,082)**	**-**
Total revenue	**68,575**	**21,056**	**27,065**	**(7,082)**	**109,614**
Operating profit	**13,611**	**2,050**	**3,407**	**398**	**19,466**
Net finance income					**101**
Share of profit of joint venture					**-**
Profit before income tax					**19,567**
Year to 30 June 2017					
Revenue to external customers	65,323	19,243	20,882	-	105,448
Revenue to other group companies	3,794	304	4,364	(8,462)	-
Total revenue	69,117	19,547	25,246	(8,462)	105,448
Operating profit	14,162	2,372	2,163	(275)	18,422
Net finance income					(249)
Share of profit of joint venture					178
Profit before income tax					18,351

Inter segment adjustments to operating profit consist of property rentals on premises owned by FW Thorpe Plc and adjustments to profit related to stocks held within the Group that were supplied by another segment.

b) Geographical analysis
The Group's business segments operate in four main areas, the UK, the Netherlands, the rest of Europe and the rest of the World. The home country of the company, which is also the main operating company, is the UK.

	2018 £'000	2017 £'000
UK	**70,652**	71,547
Netherlands	**22,713**	17,243
Europe	**10,726**	12,348
Other countries	**5,523**	4,310
	109,614	105,448

The vast majority of assets and capital expenditure are in the UK, and cannot be split geographically in relation to the Group's revenues.

3 INCOME TAX EXPENSE

Analysis of income tax expense in the year:

	2018 £'000	2017 £'000
Current tax		
Current tax on profits for the year	**3,930**	4,374
Adjustments in respect of prior years	**(170)**	(662)
Total current tax	**3,760**	3,712
Deferred tax		
Origination and reversal of temporary differences	**(303)**	139
Total deferred tax	**(303)**	139
Income tax expense	**3,457**	3,851

The tax assessed for the year is lower (2017: higher) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%). The differences are explained below:

	2018 £'000	2017 £'000
Profit before income tax	**19,567**	18,351
Profit on ordinary activities multiplied by the standard rate in the UK of 19.00% (2017: 19.75%)	**3,718**	3,624
Effects of:		
Expenses not deductible for tax purposes	**648**	498
Accelerated tax allowances and other timing differences	**(383)**	241
Adjustments in respect of prior years	**(170)**	(662)
Foreign profit taxed at higher rate	**285**	150
Patent box relief	**(641)**	-
Tax charge	**3,457**	3,851

The effective tax rate was 17.67% (2017: 20.99%).

The change to the UK corporation tax rate from 19% to 17% from 1 April 2020 was substantively enacted on 6 September 2016 with the appropriate rate reflected within these financial statements.

4 DIVIDENDS

Dividends paid during the year are outlined in the tables below:

Dividends paid (pence per share)	2018	2017
Final dividend	**3.55**	2.85
Interim dividend	**1.40**	1.35
Total	**4.95**	4.20

A final dividend in respect of the year ended 30 June 2018 of 4.00p per share, amounting to £4,639,000 is to be proposed at the Annual General Meeting on 22 November 2018 and, if approved, will be paid on 29 November 2018 to shareholders on the register on 2 November 2018. The ex-dividend date is 1 November 2018. These financial statements do not reflect this dividend payable.

Dividends proposed (pence per share)	2018	2017
Final dividend	**4.00**	3.55

Dividends paid	2018 £'000	2017 £'000
Final dividend	**4,114**	3,297
Interim dividend	**1,623**	1,561
Total	**5,737**	4,858

Dividends proposed	2018 £'000	2017 £'000
Final dividend	**4,639**	4,106

5 PROPERTY, PLANT AND EQUIPMENT

	Group		
	Freehold land and buildings £'000	**Plant and equipment £'000**	**Total £'000**
Cost			
At 1 July 2017	14,556	18,990	33,546
Acquisition of a subsidiary	528	1,323	1,851
Additions	3,301	2,558	5,859
Disposals	-	(1,247)	(1,247)
Transfers	294	(294)	-
Currency translation	(3)	(2)	(5)
At 30 June 2018	**18,676**	**21,328**	**40,004**
Accumulated depreciation			
At 1 July 2017	2,789	11,920	14,709
Acquisition of a subsidiary	435	1,188	1,623
Charge for the year	464	1,672	2,136
Disposals	-	(1,139)	(1,139)
Transfers	141	(141)	-
Currency translation	-	(4)	(4)
At 30 June 2018	**3,829**	**13,496**	**17,325**
Net book amount			
At 30 June 2018	**14,847**	**7,832**	**22,679**

	Group		
	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 July 2016	11,541	18,410	29,951
Acquisition of a subsidiary	-	44	44
Additions	2,935	2,715	5,650
Disposals	-	(2,131)	(2,131)
Transfers	80	(80)	-
Currency translation	-	32	32
At 30 June 2017	14,556	18,990	33,546
Accumulated depreciation			
At 1 July 2016	2,567	12,484	15,051
Acquisition of a subsidiary	-	9	9
Charge for the year	222	1,407	1,629
Disposals	-	(1,988)	(1,988)
Currency translation	-	8	8
At 30 June 2017	2,789	11,920	14,709
Net book amount			
At 30 June 2017	11,767	7,070	18,837

6 INTANGIBLE ASSETS

Group 2018	**Goodwill £'000**	**Development costs £'000**	**Technology £'000**	**Brand name £'000**	**Software £'000**	**Patents £'000**	**Fishing rights £'000**	**Total £'000**
Cost								
At 1 July 2017	10,282	6,448	1,875	768	1,528	150	182	21,233
Acquisition of a subsidiary	4,490	-	1,040	520	-	-	-	6,050
Additions	-	1,605	-	-	376	-	-	1,981
Write-offs and transfers	-	(1,281)	-	-	(116)	-	-	(1,397)
Currency translation	14	7	9	3	1	-	-	34
At 30 June 2018	**14,786**	**6,779**	**2,924**	**1,291**	**1,789**	**150**	**182**	**27,901**
Accumulated								

amortisation								
At 1 July 2017	262	2,588	814	442	1,050	150	-	5,306
Charge for the year	-	1,753	299	157	191	-	-	2,400
Write-offs and transfers	-	(1,281)	-	-	(113)	-	-	(1,394)
Currency translation	(13)	2	4	-	-	-	-	(7)
At 30 June 2018	**249**	**3,062**	**1,117**	**599**	**1,128**	**150**	**-**	**6,305**
Net book amount								
At 30 June 2018	**14,537**	**3,717**	**1,807**	**692**	**661**	**-**	**182**	**21,596**

Write-offs relate to development assets where no further economic benefits are expected obtained.

Group 2017	Goodwill £'000	Development costs £'000	Technology £'000	Brand name £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost								
At 1 July 2016	9,972	6,454	1,791	736	1,195	150	182	20,480
Acquisition of a subsidiary	524	-	-	-	-	-	-	524
Additions	-	1,715	-	-	306	-	-	2,021
Write-offs and transfers	(600)	(1,757)	-	-	23	-	-	(2,334)
Currency translation	386	36	84	32	4	-	-	542
At 30 June 2017	10,282	6,448	1,875	768	1,528	150	182	21,233
Accumulated amortisation								
At 1 July 2016	600	2,778	575	315	879	150	-	5,297
Charge for the year	-	1,560	218	116	146	-	-	2,040
Impairment for the year	262	-	-	-	-	-	-	262
Write-offs and transfers	(600)	(1,757)	-	-	23	-	-	(2,334)
Currency translation	-	7	21	11	2	-	-	41
At 30 June 2017	262	2,588	814	442	1,050	150	-	5,306
Net book amount								
At 30 June 2017	10,020	3,860	1,061	326	478	-	182	15,927

7 SHORT-TERM FINANCIAL ASSETS

	2018 £'000	2017 £'000
Beginning of year	**16,981**	14,910
Net (withdrawals)/deposits	**(1,691)**	2,071
End of year	**15,290**	16,981

The short-term financial assets consist of term cash deposits in sterling with an original term in excess of three months.

8 EARNINGS PER SHARE

Basic and diluted earnings per share for profit attributable to equity holders of the company
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

Basic	**2018**	2017
Weighted average number of ordinary shares in issue	**115,834,897**	115,675,590
Profit attributable to equity holders of the company (£'000)	**16,110**	14,500
Basic earnings per share (pence per share) total	**13.91**	12.54

Diluted	**2018**	2017
Weighted average number of ordinary shares in issue (diluted)	**116,692,591**	116,303,503
Profit attributable to equity holders of the company (£'000)	**16,110**	14,500
Diluted earnings per share (pence per share) total	**13.81**	12.47

9 CASH GENERATED FROM OPERATIONS

	Group	
Cash generated from continuing operations	**2018 £'000**	2017 £'000
Profit before income tax	**19,567**	18,351
Depreciation charge	**2,195**	1,697
Amortisation/impairment of intangibles	**2,400**	2,302
Profit on disposal of property, plant and equipment	**(125)**	(119)
Net finance (income)/expense	**(101)**	249
Retirement benefit contributions in excess of current and past service charge	**(156)**	(140)
Share of profit from joint venture	**-**	(178)
Share based payment charge	**533**	337
Research and development expenditure credit	**(237)**	(233)
Effects of exchange rate movements	**163**	113
Changes in working capital		
- Inventories	**1,954**	(3,646)
- Trade and other receivables	**(3,610)**	2,156
- Payables and provisions	**1,415**	1,491
Cash generated from continuing operations	**23,998**	22,380

10 ACQUISITION OF SUBSIDIARY

In December 2017, the Group acquired 100% of the share capital of Famostar B.V., an emergency lighting specialist in the Netherlands. The company was acquired by Lightronics Participaties B.V. for initial consideration of €7.5m (£6.7m) with an estimated additional €0.5m (£0.4m) payable, subject to performance conditions relating to EBITDA in 2017 and 2018.

Share appreciation rights were granted for 35% of the share capital to the holders of share appreciation rights in Lightronics Participaties B.V. This equated to an investment of €2.7m (£2.4m) by the holders of these rights. Of this €2.7m, €1.7m (£1.5m) was provided in the form of a loan from FW Thorpe and a €1m (£0.9m) loan from the rights holders themselves. The loan notes are repayable on or before the end the 30 June 2021 and attract an interest rate of 5%.

The share appreciation rights are subject to future performance conditions linked to an increase in EBITDA over the next three years. This has been calculated by a pre-determined earnings multiple used to value the initial investment. An assessment has been made on the future increase in value of the 35% shareholding and €0.7m (£0.7m) is included as contingent consideration and disclosed in Other payables in the Consolidated Financial Position.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	£'000
Intangible assets	1,560
Property, plant and equipment	228
Inventories	851
Trade and other receivables	1,125
Cash	827
Trade and other payables	(736)
Provisions	(543)
Total identifiable assets	**3,312**
Goodwill	4,490
Total purchase consideration	**7,802**

Total purchase consideration satisfied by:

Cash	6,696

Contingent consideration: Famostar	444
Contingent consideration: Share appreciation rights	662
Total consideration	**7,802**

Net cash flow arising on acquisition

Cash consideration	7,140
Less cash in subsidiary acquired	(827)
Cash outflow on acquisition	**6,313**

A fair value exercise has been performed; the book value of all assets and liabilities except for inventories and warranties are considered to represent fair value. For inventories and provisions for warranties reductions of €0.1m (£0.1m) and €0.6m (£0.5m) were applied to reflect slow moving stock lines and potential customer claims, respectively.

Fair value of intangible assets was assessed and determined on the basis of the technology and brand name acquired. Both the technology and brand name elements were determined using an industry typical royalty rate over a seven year period, discounted to the present day.

10 ACQUISITION OF SUBSIDIARY (CONTINUED)

The goodwill relates to the ongoing level of profitability of the business model, opportunity to sell existing Group products into the Dutch market and potential sourcing benefits for other Group companies.

Results for the year ended 31st December 2017 showed revenues of €7.7m, and profit before tax of €1.3m. For the six months to 30 June 2018, Famostar contributed €0.7m to Group profit before tax for the current financial year.

11 CAUTIONARY STATEMENT

Sections of this report contain forward looking statements that are subject to risk factors including the economic and business circumstances occurring from time to time in countries and markets in which the Group operates. By their nature, forward looking statements involve a number of risks, uncertainties and future assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future and could cause actual results and outcomes to differ materially from those expressed in or implied by the forward looking statements. No assurance can be given that the forward looking statements in this preliminary announcement will be realised. Statements about the Chairman's expectations, beliefs, hopes, plans, intentions and strategies are inherently subject to change and they are based on expectations and assumptions as to future events, circumstances and other factors which are in some cases outside the Company's control. Actual results could differ materially from the Company's current expectations. It is believed that the expectations set out in these forward looking statements are reasonable but they may be affected by a wide range of variables which could cause actual results or trends to differ materially, including but not limited to, changes in risks associated with the Company's growth strategy, fluctuations in product pricing and changes in exchange and interest rates.

12 ANNUAL REPORT AND ACCOUNTS

The annual report and accounts will be sent to shareholders on 25 October 2018 and will be available, along with this announcement, on the Group's website (www.fwthorpe.co.uk) from that time. The Group will hold its AGM on 22 November 2018.

END

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