

# Writtle

Writtle Holdings Ltd is an investment and management services company that owns majority shareholdings in a portfolio of media and marketing services companies. We create value for our shareholders by using our experience in the media sector and capital to support these specialist businesses to achieve their full potential.

### Chairman's statement

Writtle met its overall budget for the first half of 2014, with the lower turnover and profit figures against the comparable period last year reflecting both the disposal of non-core businesses at the end of 2013 and anticipated lower seasonal spend by home entertainment clients, coupled with general margin pressure in the retail sector.

### Result and dividends

Turnover from continuing operations was £37.77m (2013: £38.52m) and operating profit from continuing operations was £1.53m (2013: £2.46m). There were no material exceptional items in the period. An unaudited profit and loss account and balance sheet is included with this interim report. The company will be paying an interim dividend of 3.00p per share (2013: 2.75p) on 31 October to shareholders on the register on 17 September 2014.

### Review

Writtle invests in media and marketing communications businesses with the aim of creating a substantial international marketing group.

The Writtle model of decentralised growth and equity involvement is now well known in our sector but only rarely replicated. A number of our competitor groups still adhere to the belief that a large HQ and centralised sales and marketing function, often under a single brand, will generate significant cross selling opportunities but in our experience this only creates unjustifiable cost and rarely achieves its targets. We believe companies in our sector prefer to operate autonomously as part of a financially strong alliance, with cross-selling occurring naturally as a result of mutual respect and trust between group companies with a shared equity interest in Writtle.

We set our budgets for the first half lower than the previous year knowing that there were no blockbuster film releases in the period at Creo (Writtle's largest company by turnover and profit in 2013) and contract renewals at major retailers had been secured at lower margins. As always there were some ups and downs amongst group companies but noteworthy performances were achieved by Epoch Design, Magnet Harlequin, Technik and Seymour Powell, each having exceeded budget and prior half-year result in the first half. The performance of Technik was particularly satisfying as it is Writtle's most recent acquisition. Although some other group companies have fallen behind budget or prior year, I am pleased to report that all were profitable for the period.

Significant organic expansion plans were set in motion at four group companies. Arken completed an extension to its Newmarket factory in April to expand capacity and benefits are already flowing through. Creo has purchased additional land adjacent to its Aylesford manufacturing site and plans are well advanced for a factory extension in 2015, again to expand capacity. After a long search, having outgrown their Fulham offices, Seymour Powell finally found larger London premises in Southfields and following a substantial fit-out completed their move in August 2014. Internationally, Williams Murray Hamm opened an office in Chicago to service its growing North American client base, adding to Writtle's existing overseas operations in Delhi and Hong Kong.

### **Corporate activity**

Whilst no acquisitions or disposals were completed in the first half of 2014, we have reviewed a number of opportunities and would hope to report further developments in the second half. At the group level, we have also spoken to a number of nominated advisers who have approached us believing that Writtle's track record and business model merits a flotation on AIM or similar. After careful consideration, we believe Writtle is still too small for public markets and would prefer to wait until we have achieved sufficient scale to justify the significant costs of a listing and to weather better the fluctuations of market sentiment. However, we are mindful that a number of shareholders have supported Writtle since its inception and some would welcome a market for their shares so we are exploring the possibility of a share buyback available for all shareholders, combined with a facility to buy or sell Writtle shares. We will provide details at the time of our annual results in April 2015.

Looking ahead, the second half has started well and we look forward to achieving another successful year.

### **Robert Essex**

Chairman  
25 September 2014

## Consolidated profit and loss account for the six months ended 30 June 2014

	6 months to 30 June 2014 Unaudited £000	6 months to 30 June 2013 Unaudited £000	Year ended 31 December 2013 Audited £000
<b>Turnover</b>			
Continuing operations	37,767	38,523	78,804
Discontinued operations	94	5,654	9,755
	<b>37,861</b>	<b>44,177</b>	<b>88,559</b>
Cost of sales	(14,070)	(18,132)	(37,363)
	<b>23,791</b>	<b>26,045</b>	<b>51,196</b>
<b>Gross profit</b>	<b>23,791</b>	<b>26,045</b>	<b>51,196</b>
Administrative expenses	(22,294)	(23,542)	(46,800)
Other operating income	–	–	690
	<b>1,497</b>	<b>2,503</b>	<b>5,086</b>
<b>Operating profit</b>			
Continuing operations	1,530	2,459	4,965
Discontinued operations	(33)	44	121
	<b>1,497</b>	<b>2,503</b>	<b>5,086</b>
<b>Operating profit</b>			
Operating profit before amortisation and share-based payments	2,014	2,929	5,906
Amortisation	(388)	(377)	(708)
Share-based payments	(130)	(49)	(112)
	<b>1,497</b>	<b>2,503</b>	<b>5,086</b>
<b>Exceptional items</b>			
Profit/(loss) on sale of investments	(35)	252	1,191
Interest payable and similar charges	(157)	(222)	(350)
	<b>1,304</b>	<b>2,533</b>	<b>5,927</b>
<b>Profit on ordinary activities before taxation</b>	<b>1,304</b>	<b>2,533</b>	<b>5,927</b>
Tax on profit on ordinary activities	(400)	(894)	(1,832)
	<b>904</b>	<b>1,639</b>	<b>4,095</b>
<b>Profit on ordinary activities after taxation</b>	<b>904</b>	<b>1,639</b>	<b>4,095</b>
Minority interests	(374)	(434)	(1,002)
	<b>530</b>	<b>1,205</b>	<b>3,093</b>
<b>Profit for the period</b>	<b>530</b>	<b>1,205</b>	<b>3,093</b>

## Consolidated balance sheet as at 30 June 2014

	As at 30 June 2014 Unaudited £000	As at 30 June 2013 Unaudited £000	As at 31 December 2013 Audited £000
<b>Fixed assets</b>			
Intangible assets	13,029	13,754	13,435
Tangible assets	8,140	10,343	8,473
Investments	100	23	100
	<b>21,269</b>	24,120	22,008
<b>Current assets</b>			
Stocks	2,603	3,200	2,000
Debtors	23,080	22,444	23,931
Cash at bank and in hand	986	3,308	2,783
	<b>26,669</b>	28,952	28,714
<b>Creditors:</b> amounts falling due within one year	<b>(23,891)</b>	(28,483)	(25,003)
<b>Net current assets</b>	<b>2,778</b>	469	3,711
<b>Total assets less current liabilities</b>	<b>24,047</b>	24,589	25,719
<b>Creditors:</b> amounts falling due after more than one year	<b>(2,332)</b>	(4,758)	(4,098)
<b>Provisions for liabilities</b>			
Deferred tax	(141)	–	(141)
<b>Net assets</b>	<b>21,574</b>	19,831	21,480
<b>Capital and reserves</b>			
Called up share capital	6,779	6,583	6,707
Share premium account	6,376	6,028	6,353
Revaluation reserve	1	1	1
Other reserves	89	89	89
Profit and loss account	5,600	3,731	5,475
<b>Shareholders' funds</b>	<b>18,845</b>	16,432	18,625
<b>Minority interests</b>	<b>2,729</b>	3,399	2,855
	<b>21,574</b>	19,831	21,480

## Our companies



20.20  
[www.20.20.co.uk](http://www.20.20.co.uk)



The Less Packaging Company  
[www.lesspackaging.co.uk](http://www.lesspackaging.co.uk)



Technik  
[www.technik.com](http://www.technik.com)



Arken POP International  
[www.arken-pop.com](http://www.arken-pop.com)



Maglabs  
[www.maglabs.net](http://www.maglabs.net)



The Team  
[www.theteam.co.uk](http://www.theteam.co.uk)



Beyond Communications  
[www.beyond-communications.co.uk](http://www.beyond-communications.co.uk)



Magnet Harlequin  
[www.magharl.co.uk](http://www.magharl.co.uk)



Williams Murray Hamm  
[www.williamsmurrayhamm.com](http://www.williamsmurrayhamm.com)



Creo Retail Marketing  
[www.creo-uk.com](http://www.creo-uk.com)



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Writtle Property



Epoch Design  
[www.epochdesign.co.uk](http://www.epochdesign.co.uk)



speed communications

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# Writtle

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