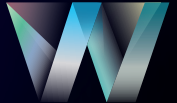


WRITTLE HOLDINGS LIMITED  
INTERIM REPORT 2018



WRITTLE

## WHO WE ARE

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Writtle is a UK-centred marketing services group with an international client base.

£35.36m

Turnover  
(2017: £30.22m)

£4.15m

Headline profit before tax  
(2017: £2.41m)

£3.22m

Profit before tax  
(2017: £2.02m)

£9.72m

Net cash  
(2017: £6.48m)

5.50p

Interim dividend  
per share  
(2017: 4.50p)

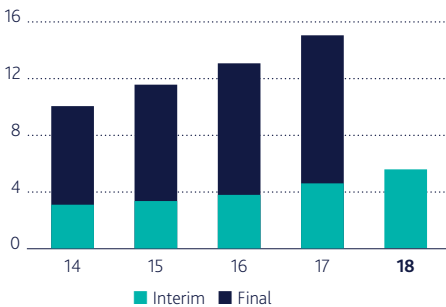
25.00p

Special dividend  
per share

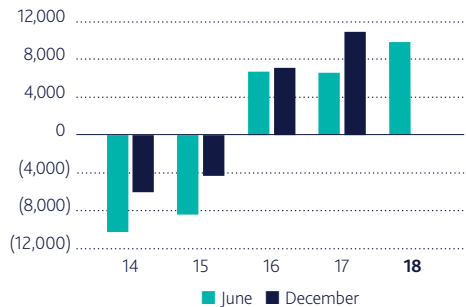
Headline measures are defined as being before profit on sale of investments, exceptional items, amortisation and share-based payments. All amounts relate to continuing operations.

Comparatives are with 30 June 2017.

ORDINARY DIVIDEND PER SHARE (PENCE)



NET CASH (£000)



Ordinary dividend excludes special dividends.

Trading remains strong despite the various economic and political uncertainties that dominate our news channels.

I am pleased to report a strong first half of the year across the group, with trading profit again significantly ahead of the prior year.

Continued profitability and growing cash balances enable the payment of a special dividend in addition to an increased interim dividend.

### RESULTS AND DIVIDENDS

Turnover was £35.36m (2017: £30.22m) and headline profit before tax was £4.15m (2017: £2.41m). Profit before tax was £3.22m (2017: £2.02m).

Our exceptional costs are for provisions that are higher than usual. The largest provision is made against the value of an unlisted investment which has been revalued at £0.22m.

Net cash balances at 30 June 2018 were £9.72m (2017: £6.48m).

An interim dividend of 5.5p (2017: 4.5p) per share will be paid on 31 October 2018 to shareholders on the register on 12 September 2018.

### SPECIAL DIVIDEND

The directors have decided that Writtle will distribute significant excess cash held above £5m for which the company has no immediate investment or acquisition use by way of special dividends to shareholders from time to time. This is in addition to the progressive dividend policy.

Accordingly, a special dividend of 25p (2017: nil) per share will be paid on 28 September to shareholders on the register on 12 September 2018.

This is the second special dividend that will be paid to shareholders, the first being 50p per share paid in July 2016.

### REVIEW OF TRADING

Our three business groups **Innovation**, **Implementation** and **Instore** all performed well in the period and their performance is shown on page 9 of this report.

Our **Innovation** businesses showed the greatest improvement in trading over the prior period and the recovery seen in the second half of 2017 continued into 2018 with Seymourpowell and Epoch leading the way. Clients are increasingly looking for new, bold and imaginative solutions to a rapidly changing economic and social landscape and our businesses are well placed for this.

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Continued profitability and growing cash balances enable the payment of a special dividend.

Our **Implementation** businesses, trading as the Magnet Harlequin Group, had a demanding comparison with its financial results in the prior period, but nonetheless performed satisfactorily. The Implementation group figures on page 9 do not show the growing business collaborations initiated by Magnet Harlequin Group with our other business groups. In particular, our Innovation agencies Williams Murray Hamm and Identica have benefitted from the bridge created by our WMH Adaptive offer which links top-tier creative to cost-effective activation and this is proving very attractive to clients. We are actively considering further investment in this area.

Our **Instore** business, Arken POP International, continued its superb performance as it maintained its focus on the resilient health and beauty market. Arken's other markets such as consumer electronics have declined due to the well-publicised demise of high street retailers in the sector but this has been more than offset by additional business generated from existing health and beauty clients.

## **CORPORATE ACTIVITY**

We have some potential acquisitions under review but we will proceed with our usual prudence. Our acquisitions may be infrequent but those completed have added considerable value to our business.

We completed a further share trading opportunity for shareholders in May, with £1.22m changing hands in matched bargains for Writtle shares. This annual share trading window has again proved popular with shareholders by providing an element of liquidity not usually found in private companies.

## **CURRENT TRADING**

Trading remains strong despite the various economic and political uncertainties that dominate our news channels. The markets in which we operate change quickly but they remain substantial and allow our ambitious and talented management teams plenty of opportunities for growth.

**Robert Essex**

Chairman

20 September 2018

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	6 months to 30 June 2018 Unaudited £000	6 months to 30 June 2017 Unaudited £000	Year ended 31 December 2017 Audited £000
<b>Turnover</b>	<b>35,358</b>	30,221	65,821
Cost of sales	(12,650)	(10,380)	(23,959)
<b>Gross profit</b>	<b>22,708</b>	19,841	41,862
Administrative expenses	(19,497)	(17,827)	(36,401)
<b>Operating profit</b>	<b>3,211</b>	2,014	5,461
Operating profit before the items listed below	4,150	2,408	6,236
Exceptional items	(580)	(235)	(245)
Amortisation	(359)	(348)	(719)
Share-based payments	-	189	189
<b>Operating profit</b>	<b>3,211</b>	2,014	5,461
Interest receivable	9	4	14
<b>Profit on ordinary activities before taxation</b>	<b>3,220</b>	2,018	5,475
Taxation on profit on ordinary activities	(755)	(404)	(1,066)
<b>Profit on ordinary activities after taxation</b>	<b>2,465</b>	1,614	4,409
Non-controlling interests	(472)	(92)	(399)
<b>Profit for the financial year</b>	<b>1,993</b>	1,522	4,010

All amounts recognised in the statement of comprehensive income relate to continuing operations.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	As at 30 June 2018 Unaudited £000	As at 30 June 2017 Unaudited £000	As at 31 December 2017 Audited £000
<b>Fixed assets</b>			
Intangible assets	9,289	10,015	9,649
Tangible assets	4,019	4,033	4,119
Investments	221	498	551
	<b>13,529</b>	<b>14,546</b>	<b>14,319</b>
<b>Current assets</b>			
Stocks	2,955	2,402	1,696
Debtors	22,281	18,769	18,998
Cash at bank and in hand	9,719	6,481	10,872
	<b>34,955</b>	<b>27,652</b>	<b>31,566</b>
<b>Creditors: Amounts falling due within one year</b>	<b>(17,004)</b>	<b>(14,243)</b>	<b>(15,464)</b>
<b>Net current assets</b>	<b>17,951</b>	<b>13,409</b>	<b>16,102</b>
<b>Total assets less current liabilities</b>	<b>31,480</b>	<b>27,955</b>	<b>30,421</b>
<b>Provisions for liabilities</b>			
Deferred taxation	(71)	(59)	(71)
Other provisions	(85)	(35)	(85)
<b>Net assets</b>	<b>31,324</b>	<b>27,861</b>	<b>30,265</b>
<b>Capital and reserves</b>			
Called-up share capital	7,339	7,287	7,326
Share premium account	7,014	6,885	6,984
Other reserves	(1,101)	(747)	(747)
Profit and loss account	15,871	12,474	14,625
<b>Equity attributable to owners of the parent company</b>	<b>29,123</b>	<b>25,899</b>	<b>28,188</b>
Non-controlling interests	2,201	1,962	2,077
	<b>31,324</b>	<b>27,861</b>	<b>30,265</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2018

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Equity attributable to owners of parent company £000	Non-controlling interests £000	Total equity £000
At 1 January 2017	7,185	6,720	(747)	11,769	24,927	1,762	26,689
Profit for the period	-	-	-	1,522	1,522	92	1,614
<b>Total comprehensive income for the period</b>	-	-	-	1,522	1,522	92	1,614
<b>Contributions by and distributions to owners</b>							
Dividends: Equity capital	-	-	-	(647)	(647)	(84)	(731)
Shares issued during the period	102	165	-	-	267	-	267
Other movements	-	-	-	(170)	(170)	192	22
<b>Total contributions by and distributions to owners</b>	102	165	-	(817)	(550)	108	(442)
At 30 June 2017	7,287	6,885	(747)	12,474	25,899	1,962	27,861
Profit for the period	-	-	-	2,488	2,488	307	2,795
<b>Total comprehensive income for the period</b>	-	-	-	2,488	2,488	307	2,795
<b>Contributions by and distributions to owners</b>							
Dividends: Equity capital	-	-	-	(319)	(319)	(67)	(386)
Shares issued during the period	39	99	-	-	138	-	138
Other movements	-	-	-	(18)	(18)	(125)	(143)
<b>Total contributions by and distributions to owners</b>	39	99	-	(337)	(199)	(192)	(391)
At 31 December 2017	7,326	6,984	(747)	14,625	28,188	2,077	30,265
Profit for the period	-	-	-	1,993	1,993	472	2,465
<b>Total comprehensive income for the period</b>	-	-	-	1,993	1,993	472	2,465
<b>Contributions by and distributions to owners</b>							
Dividends: Equity capital	-	-	-	(747)	(747)	(227)	(974)
Shares issued during the period	13	30	-	-	43	-	43
Other movements	-	-	(354)	-	(354)	(121)	(475)
<b>Total contributions by and distributions to owners</b>	13	30	(354)	(747)	(1,058)	(348)	(1,406)
At 30 June 2018	7,339	7,014	(1,101)	15,871	29,123	2,201	31,324



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	6 months to 30 June 2018 Unaudited £000	6 months to 30 June 2017 Unaudited £000	Year ended 31 December 2017 Audited £000
<b>Cash flows from operating activities</b>			
Profit for the financial period	2,465	1,614	4,409
<b>Adjustments for:</b>			
Amortisation of intangible fixed assets	359	348	719
Depreciation of tangible fixed assets	530	532	1,128
(Profit)/loss on disposal of tangible fixed assets	(3)	(16)	78
Increase in stocks	(1,259)	(830)	(252)
Interest received	(9)	(4)	(14)
Corporation tax charge	755	404	1,066
Increase in debtors	(3,253)	(98)	(390)
Increase/(decrease) in creditors	1,301	(472)	814
Corporation tax paid	(549)	(434)	(933)
Impairment of fixed asset investments	330	-	-
Share-based payment credit	-	(189)	(189)
<b>Net cash generated from operating activities</b>	<b>667</b>	<b>855</b>	<b>6,436</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	(434)	(462)	(1,280)
Sale of tangible fixed assets	8	18	55
Purchase of subsidiaries	-	(827)	(827)
Sale of equity in subsidiaries	-	-	23
Purchase of fixed asset investments	-	-	(53)
Cash acquired with subsidiaries	-	316	316
<b>Net cash used in investing activities</b>	<b>(426)</b>	<b>(955)</b>	<b>(1,766)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary shares	43	267	405
Equity dividends paid	(747)	(647)	(966)
Interest received	9	4	14
Dividends paid to non-controlling interests	(348)	(84)	(275)
Purchase of shares by ESOT	(354)	-	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,397)</b>	<b>(460)</b>	<b>(822)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,156)</b>	<b>(560)</b>	<b>3,848</b>
Exchange differences on translation of foreign subsidiaries	3	-	(17)
<b>Cash and cash equivalents at beginning of year</b>	<b>10,872</b>	<b>7,041</b>	<b>7,041</b>
Cash and cash equivalents at the end of year	9,719	6,481	10,872
<b>Cash at bank and in hand</b>	<b>9,719</b>	<b>6,481</b>	<b>10,872</b>

## ANALYSIS OF NET CASH/(DEBT)

AS AT 30 JUNE 2018

	As at 30 June 2018 Unaudited £000	As at 30 June 2017 Unaudited £000	As at 31 December 2017 Audited £000
Cash at bank and in hand	9,719	6,481	10,872
Debt:			
Finance leases	-	-	-
Debts due within one year	-	-	-
Debts falling due after more than one year	-	-	-
<b>Net cash/(debt)</b>	<b>9,719</b>	<b>6,481</b>	<b>10,872</b>

# BUSINESS GROUP ANALYSIS

AS AT 30 JUNE 2018

	Innovation £000	Implementation £000	Instore £000	Group £000
For the six months ended 30 June 2018				
<b>Turnover</b>	14,934	9,299	11,125	35,358
<b>Headline operating profit before central costs</b>	2,089	968	1,498	4,555
Central costs				(405)
<b>Headline operating profit</b>				4,150
Interest receivable				9
<b>Headline profit before tax</b>				4,159
For the six months ended 30 June 2017				
<b>Turnover</b>	12,087	9,667	8,467	30,221
<b>Headline operating profit before central costs</b>	545	1,256	958	2,759
Central costs				(351)
<b>Headline operating profit</b>				2,408
Interest receivable				4
<b>Headline profit before tax</b>				2,412
For the year ended 31 December 2017				
<b>Turnover</b>	26,219	19,568	20,034	65,821
<b>Headline operating profit before central costs</b>	2,217	2,295	2,631	7,143
Central costs				(907)
<b>Headline operating profit</b>				6,236
Interest receivable				14
<b>Headline profit before tax</b>				6,250

Headline measures are defined as being before profit on sale of investments, exceptional items, amortisation and share-based payments. All amounts relate to continuing operations.

OUR **INNOVATION** COMPANIES

Our Innovation companies are 20.20, Beyond Communications, Epoch, Identica, Seymourpowell, The Team and Williams Murray Hamm.

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seymourpowell

**Seymourpowell** plans, creates and delivers integrated product and brand experiences.

[seymourpowell.com](http://seymourpowell.com)



*Tefal's Pressing Pro* is the first of a new line of ironing products designed by Seymourpowell to embody the new 'Ribbon' Design Language created for the brand.



20.20 transforms retail and leisure businesses into emotionally connected brand experiences. [20.20.co.uk](http://20.20.co.uk)



Arsenal's new bar and restaurant, *Dial Square*, brings a new dining experience to *Club Level*, centred around a social courtyard.

## Beyond

Beyond creates beautifully distinct brands, memorable campaigns and inspirational retail environments. [beyond-communications.co.uk](http://beyond-communications.co.uk)



Beyond has created and implemented *The Shake Lab*, which is all about shakes without compromise. The concept has been successfully rolled out into seven shopping centres across the UK.

## IDENTICA

Identica has been inventing and re-inventing iconic brands for more than 25 years. [identica.co.uk](http://identica.co.uk)



Identica reinvented *Berkeley Square*, to elevate it from the crowd of premium gins to sit proudly alongside the world's most prestigious spirits.



Epoch specialises in packaging in-store and online for global FMCG brands.  
[epochdesign.co.uk](http://epochdesign.co.uk)



Working with AB Inbev in Leuven, Epoch were commissioned to create a new brand proposition, strategy and visual brand identity for *Julius Beer* in Belgium.

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## theTeam.

The Team focuses on brand strategy and employee engagement. [theteam.co.uk](http://theteam.co.uk)



*Don't Cut Corners – consumer awareness campaign created by the Team for Gas Safe Register.*

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## Williams Murray Hamm

Williams Murray Hamm creates meaningful difference for brands. [wmhagency.com](http://wmhagency.com)



WMH is working with many challenger brands, such as *Esquires Coffee*, who the agency is repositioning as the UK's local coffee shop, with a campaign focused around "togetherness".

## OUR IMPLEMENTATION COMPANIES

Our Implementation business is the Magnet Harlequin Group, comprising its subsidiary companies Maglabs, Magnet Harlequin, Magnet Harlequin Asia, Technik and WMHAdaptive.

[magnet harlequin]

[magnet harlequin asia]

Magnet Harlequin and Magnet Harlequin Asia provide cross-media content production, photography, packaging and packaging management services to retailers and brand owners.  
[the-mhgroup.com](http://the-mhgroup.com)



Supporting *Kingfisher* with packaging artwork, repro and colour management across its global DIY brands.





**MagLabs** provides global digital asset management, marketing resource and workflow technology supporting businesses and brands worldwide.  
[maglabs.net](http://maglabs.net)



MagLabs created the *57 Library*, a digital image library for *Heinz*.



**Technik** specialises in food packaging and packaging management.  
[the-mhgroup.com](http://the-mhgroup.com)



Technik's work on *Waitrose 7* providing artwork, repro, process and colour management for this premium range.



**WMHAdaptive** combines creative brilliance with efficient execution for packaging roll-outs and cross-media campaigns.  
[wmhadaptive.com](http://wmhadaptive.com)



Campaign for the free WiFi and media portal at London Bridge station, launching a world of amazing deals and content.

## OUR INSTORE COMPANY

Our Instore company is  
Arken POP International.

**arken**  
creators of award winning p-o-p

Arken designs and manufactures award-winning retail displays and signage, shop-in-shop theatre and point-of-purchase products. [arken-pop.com](http://arken-pop.com)



Arken designed and manufactured the *Fast Beauty* cosmetic islands for key brand *Makeup Revolution* which have now been shipped globally.

## COMPANY INFORMATION

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### DIRECTORS

R T T Essex  
G R Harris  
M J Gilmore  
A W Lucas  
K MacKenzie  
D H Powell  
T E Scutt  
N D Stern  
A Sutcliffe  
R C J Williams  
A Wright

### COMPANY SECRETARY

M J Gilmore

### COMPANY NUMBER

05226380

### REGISTERED OFFICE

30 Park Street  
London  
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Design and production  
the Team  
[theteam.co.uk](http://theteam.co.uk)

Print production  
Magnet Harlequin Group  
[the-mhgroup.co.uk](http://the-mhgroup.co.uk)

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