Final Results

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Luceco plc
("Luceco" or the "Group" or the "Company")

Full Year results 2016

Strong revenue and profit growth, well positioned to execute growth strategy

Luceco plc, a manufacturer and distributor of high quality and innovative LED lighting products, wiring accessories and portable power products, today announces its preliminary results for the year ended 31 December 2016.

Financial highlights

	2016	2015	Change
Revenue	**£133.8m**	£103.1m	29.8%
Gross profit	**£47.8m**	£33.8m	41.4%
Gross margin	**35.7%**	32.8%	8.8%
Adjusted operating profit[1]	**£17.6m**	£11.5m	53.0%
Adjusted operating margin[1]	**13.2%**	11.2%	17.9%
Operating profit	**£15.0m**	£11.5m	30.4%
Operating margin	**11.2%**	11.2%	-
Adjusted profit after tax[1]	**£12.3m**	£5.8m	112.1%
Profit after tax	**£9.7m**	£5.8m	67.2%
Adjusted basic EPS[1,2]	**8.5p**	4.2p	102.4%
Basic EPS[2]	**6.7p**	4.2p	59.5%
Net Debt	**£29.4m**	£46.1m	
Net debt/ adjusted EBITDA[3]	**1.4 x**	3.3 x	
DPS	**0.3p**	n/a	

[1] Adjusted operating profit, adjusted operating margin and adjusted profit after tax represent operating profit, operating margin and profit after tax adjusted for exceptional IPO costs of £2.6m.

[2] 2015 EPS reflects the share subdivision that took place in 2016.

[3] Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation adjusted for exceptional IPO costs of £2.6m.

Operational highlights

- Strong revenue growth across all product categories.
- Improved gross and operating margins
- Expanded manufacturing capacity in wholly-owned Chinese facility from 42,500m^2 to 52,500m^2
- Strong pipeline of new product launches
- On-going investment in expanded sales teams
- New sales offices opened in Spain and Hong Kong

Commenting on the results, Chief Executive Officer John Hornby said:
"2016 was another year of strong growth for our company. Investments made in product innovation and development, expansion of the sales teams (both in the UK and internationally) and improvements in manufacturing processes have delivered 29.8% growth in revenue at an improved gross margin, resulting in a 53.0% improvement in adjusted operating profit. We completed a major expansion of the Chinese manufacturing facility and we are continuing our growth strategy with a strong pipeline of product launches and extending our sales and marketing platforms both in the UK and overseas."

Commenting on the results, Chairman, Giles Brand said:
"Another year of strong growth and financial performance provides an excellent platform for the Group to focus on its growth strategy of continued penetration with innovative products into new and existing markets to deliver long-term value to our shareholders."

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Business summary
Luceco is a rapidly growing manufacturer and distributor of high quality and innovative LED lighting products and wiring accessories for a global customer base with a wholly-owned Chinese manufacturing facility providing low-cost manufacturing and new product development capabilities.

The Group supplies trade distributors, retailers, wholesalers and project developers with a wide range of products which broadly fall into the following market recognised brands:

- Luceco: energy efficient LED lighting products and associated accessories;
- British General (BG): wiring accessories (including switches, sockets), circuit protection and cable management products;
- Masterplug: cable reels, extension leads, surge protection, timers and adaptor products; and
- Ross: television wall mounts, audio visual accessories and other items.

Chief Executive Officer's Review

Overview
Following the Group's IPO on the London Stock Exchange in October 2016, Luceco now has a stronger, more efficient capital structure, affording the Group greater financial and operational flexibility as it seeks to execute its growth strategy.

During the period, revenue increased by 29.8% to £133.8m (2015: £103.1m), gross profit increased by 41.4% to £47.8m (2015: £33.8m) and adjusted operating profit increased by 53.0% to £17.6m (2015: £11.5m). On a constant currency basis, revenue was £125.9m, generating a gross profit of £47.9m and adjusted operating profit of £18.8m.

The Group's strong growth performance was driven by the continuing expansion and uptake of the Group's LED product range, and further market share gains with the Group's UK market leading electrical brands BG and Masterplug. The Group also saw an increase in international sales following the recent expansion of its overseas sales presence.

The increase in gross margin to 35.7% in 2016 (2015: 32.8%) was the result of a combination of a favourable sales mix (introducing new products with higher margins), improved manufacturing efficiency.

Adjusted operating profit margin increased to 13.2% in 2016 (2015: 11.2%), reflecting strong revenue and gross profit growth despite on-going investment in sales and marketing to support the Group's future growth strategy.

During the year, the Group's wholly-owned Chinese manufacturing facility was extended by an additional 10,000m^2 increasing the site to 52,500m^2. This investment has expanded the manufacturing, assembly and warehousing capacity of the site providing the infrastructure to support future growth.

The Group's sophisticated Chinese presence and expertise with the Freight on Board ("FOB") business model enables the Group to service large international customer store networks without local logistical or stock keeping requirements. As more retailers reduce their supply chain costs by moving to this centralised direct import model, the Group increases its advantage over its competitors. As FOB sales are invoiced in US dollars, the weakness of Sterling provided a further benefit to overall revenue growth of £7.9m.

LED Lighting (Luceco)
LED lighting delivered another year of strong revenue growth. The Group maintained investment in product range expansion and continued to benefit from the rapidly growing LED lighting market - which the Group estimates is now worth more than £1bn in the UK alone.

LED lighting sales increased by 41.6% to £33.0m (2015: £23.3m) driven by further penetration of the Group's product range into the existing customer base and the continuing expansion of the projects team both in the UK and internationally. New product development and innovation is at the forefront of the growth of the Luceco brand and there were many successful product launches during the period.

LED lighting is a global product category, giving Luceco the opportunity to continue to increase market share as the Group continues to build its global network.

The reduction in average LED selling prices, combined with the improving energy and maintenance efficiencies is driving shorter payback periods for LED lighting and increases the return on investment for LED retrofits. This dynamic provides additional opportunities for growth in the Group's projects business and the projects sales pipeline continues to build.

Wiring Accessories (BG)
BG delivered strong performance for the period with revenue growth of 29.9% to £62.2m (2015: £47.9m) largely driven by increased customer penetration of more recently launched products such as USB charging wall sockets and circuit protection consumer units.

The BG product range continues to be almost entirely manufactured by the Group's facility in China, thereby enabling the Group to deliver competitively priced products to both retailers and trade wholesalers at attractive margins. On-going investment in process improvements, such as automation, strengthen the Group's competitive advantage and should enable us to extend our market leading position beyond BG's current 19% share of the UK wiring accessories market.

The on-going structural demand for increased levels of new house building in the UK continues to drive strong demand for electrical accessories in this market segment. During the year, the Group won contracts to supply a number of major housebuilders.

Portable Power (Masterplug)
Masterplug revenue in the period increased by 15.3% to £33.2m (2015: £28.8m), driven by significant new business wins in the UK, Europe and USA. Approximately 75% of portable power products are sold on a FOB basis and are invoiced in US dollars.

Masterplug is the dominant market leader in the UK and had an estimated market share of more than 40% in the period. Whilst we believe we can continue to grow our market share in the UK, the Group is also focused on international growth and enjoyed some significant international business wins during 2016.

International business
The Group has customers across more than 75 countries and continues to seek opportunities to expand its penetration into international distributors and retailers by winning both new customers in new territories and by increasing sales to existing customers cross-border, leveraging relationships with our pan-European customers.

Following the successful opening of start-up international sales offices in Germany and France in prior years, the Group opened new sales offices in Spain and Hong Kong during 2016. The Hong Kong office will target large global retail groups who have buying offices in the Far East.

Strategy
The Group's strategy remains unchanged from that outlined at the IPO and the Board remains focused on executing these growth plans.

Luceco's growth has resulted from investment in its Chinese facility and the creation of a wholly-owned supply chain, enabling the Group to reduce the cost and improve the quality of its products, as well as establishing a product development team for further diversification and growth through innovative product design and manufacturing excellence.

The Group combines this investment in Chinese manufacturing and product development with on-going investment in sales channel development on behalf of the Chinese operations.

The deleveraged capital structure and diversification of the Board with the addition of the independent Non-Executive Directors following October 2016's IPO, positions the Group to continue its strategy of growth, both organically and through targeted acquisitions.

Continued international expansion will be achieved through leverage of the existing customer base, increasing the Group's sales teams in each international office while also establishing new offices in strategic locations.

As stated at the time of the IPO, selected bolt-on acquisitions to supplement the Group's organic growth strategy will be assessed on a case by case basis where the Group sees the potential to consolidate the core UK market, improve its supply chain, expand its product range or access overseas markets.

Board changes
As part of the IPO, the Board was strengthened significantly. David Main joined the Board as Group CFO, John Barton was appointed as Senior Independent Director

and Caroline Brown and Tim Surridge as independent Non-Executive Directors.

Current trading and outlook
Trading in the new financial year has started stronger than expected as the Group continues to grow market share of its key brands in the UK and other, newer markets, at margins in line with expectations. A strong order book, new business wins and a full pipeline of new product launches means that our growth forecasts for this year are well underpinned and we look forward to the remainder of the year with confidence.

Financial review

Overview
Revenue has grown by 29.8% compared to 2015 (constant currency 22.1%), with double digit growth across all operating segments.

UK revenues have grown strongly, increasing 32.6% during the year to £114.8m (2015: £86.6m). This growth has been driven by significant new business wins, successful new product launches, penetration of more of the product range into existing customers and favourable currency movements.

International revenues have increased 15.2% to £19.0m (2015: £16.5m) and, while Luceco's market share remains very small outside of the UK, this provides the Group with enormous growth potential.

The Group distributes its products to suit its customer's requirements. This is mainly FOB for large retail customers. The Group's split of sales by distribution channel is 46% FOB and 54% direct distribution, this compares to 54% FOB and 46% direct distribution for the Group's UK business.

The increase in gross margin to 35.7% (2015: 32.8%) has been driven by a combination of favourable sales mix with new product innovations delivering higher margins, increased volumes within the Group's manufacturing operation and on-going product and process re-engineering.

Variable overheads, which mainly comprise freight costs, remain a consistent proportion of turnover.

The overhead base has increased by £7.8m to £30.2m (2015: £22.4m). This was primarily driven by growth in sales and marketing costs and an expansion of the Chinese manufacturing operations.

The Group continues to invest heavily in R&D to remain at the forefront of changing customer requirements and market trends. The Group has a substantial specialist research and development function in China, supported by a smaller team in the UK. R&D overhead in the year was £1.7m (2015: £1.6m), of which £1.6m (2015: £1.5m) was capitalised in line with IFRS accounting standards and consistent with prior periods.

Adjusted operating profit (before exceptional IPO costs) has increased to £17.6m (2015: £11.5m), representing an adjusted operating margin of 13.2% (2015: 11.2%). Adjusted operating profit on a constant currency basis (before exceptional IPO costs) is £18.8m generating a margin of 14.9%.

After taking account of exceptional IPO costs, operating profit was £15.0m (2015: £11.5m) representing an operating margin of 11.2% (2015: 11.2%).

Impact of foreign exchange movements
A summary of the Income Statement on a constant currency basis is below (with current year balances translated at last year's average exchange rates), demonstrating the impact of the volatility in exchange rates during 2016.

	As reported[2] £'m	Constant currency[3] £'m	Variance £'m
Revenue	133.8	125.9	7.9
Cost of sales	(86.0)	(78.0)	(8.0)
Gross profit	**47.8**	**47.9**	**(0.1)**
Operating costs	(30.2)	(29.1)	(1.1)
Adjusted operating profit[1]	**17.6**	**18.8**	**(1.2)**

1 Before exceptional IPO costs.

2 2016 translated at average exchange rates for the period. These were 1.36 for £:US dollar and 8.98 for £:CNY.

3 2016 translated at 2015 average exchange rates. These were 1.52 for £:US dollar and 9.61 for £:CNY.

The exchange rate movement in revenue, denominated mainly in US dollars, is offset by an opposite movement in cost of sales, denominated primarily in CNY, creating a natural hedge at gross profit level as the CNY is largely pegged against the US dollar.

The Chinese facility contributes significantly to the overhead costs and the exchange loss noted is due to the fluctuation in the CNY rate over the period.

Exchange rates are monitored regularly and CNY is purchased at forward exchange rates to minimise the impact on the Group's results.

Operating segment review

LED Lighting

	2016	2015	Growth
Revenue	**£33.0m**	£23.3m	41.6%
Operating profit	**£2.3m**	£1.8m	27.8%
Operating profit margin	**7.0%**	7.7%	(9.1)%

The strong growth in LED lighting follows the expansion of the product range, the decision to move more production in-house, thereby aiding competitive pricing and increasing investment in project sales teams focused on LED retrofits.

At constant currency, revenue grew by 36.9%.

Operating profit of LED products has increased in value terms but the operating profit margin has decreased from 7.7% to 7.0% due to investment in overheads, most notably expansion of the product development and LED sales teams, have increased to support future growth in 2017 and beyond.

Wiring Accessories

	2016	2015	Growth
Revenue	**£62.2m**	£47.9m	29.9%
Operating profit	**£11.3m**	£6.4m	76.6%
Operating profit margin	**18.2%**	13.4%	35.8%

Wiring Accessories accounted for half of the Group's revenue growth in value terms in the period due to general market share gains and on-going product development, for example USB charging wall sockets and circuit protection consumer units, as well as range expansion in decorative finishes and a price increase in the second half of the year following currency and inflationary pressures.

Revenue grew by 22.5% on a constant currency basis.

The increase in profitability was due to volume and favourable product mix with new product innovations and range expansions commanding higher margins.

Portable Power

	2016	2015	Growth

Revenue	**£33.2m**	£28.8m	15.3%
Operating profit	**£3.4m**	£2.9m	17.2%
Operating profit margin	**10.2%**	10.1%	1.0%

The increase in Portable Power revenue is a result of significant new business wins in the UK, Europe and USA in the second half of 2016. The Group has invested in expanding the cable reel product range to cover many international territories and has gained new international distribution partners for these new products.

At constant currency, revenue grew by 5.2%.

Ross and other

	2016	2015	Growth
Revenue	**£5.3m**	£3.1m	71.0%
Operating profit	**£0.6m**	£0.2m	200.0%
Operating profit margin	**11.3%**	6.5%	73.8%

Revenues mainly comprise TV brackets under the Group's Ross brand, which have increased as the Group re-engineered the product range to reduce product costs, thus enabling the Group to win some significant new retail contracts.

At constant currency, revenue grew by 61.2%.

Exceptional IPO costs
Exceptional IPO costs of £2.6m represent non-recurring costs associated with the IPO. These have been shown separately in the Income Statement to better reflect the performance of the underlying business.

Interest costs
Interest costs are lower than the prior year at £2.8m (2015: £3.2m). The £0.4m reduction is due to the repayment of the shareholder loans and certain Chinese banking facilities in October 2016 following the IPO.

The repayment of these loans reduced net debt to £29.4m (2015: £46.1m), which will subsequently result in lower interest costs going forward.

Tax
The amount of tax payable year-on-year is consistent but the effective tax rate has reduced from 29.6% in 2015 to 20.8% in 2016.

The tax rate has been positively impacted by losses allowed in the year, via a loan rationalisation programme, that were previously considered uncertain and the recognition of previously unrecognised deferred tax assets. Little change in the effective tax rate is expected going forward, as international operations gain critical mass and utilise carried forward losses.

Balance sheet
Non-current assets
The increase in non-current assets of £6.1m is represented by the expansion of the manufacturing and development site in China coupled with on-going investment in new product development partially offset by depreciation and amortisation.

Working capital
Funds tied up in working capital have increased by £14.6m to £37.7m. Exchange rate movements accounted for £5.8m of the working capital increase when comparing on a constant currency basis (by translating the 2016 Balance Sheet at 2015 closing exchange rates), of which £5.2m related to stock.

Stock stands at £38.8m at 31 December 2016 (2015: £26.4m) which, based on current sales and production output, represents stock days of 145 (2015: 127 days) and a stock turn of 2.2 in 2016 (2015: 2.6). With the organic geographical expansion, higher levels of stock were held in support of this and future growth. As order visibility improves and the LED lighting business matures, this investment in stock will reverse. The high level of stock held at year end has negatively impacted working capital, which has increased by £14.2m in cash terms compared to last year and reduced cash conversion from 59.3% in 2015 to 31.7% in 2016. It is recognised that the overall level of stock held is high compared to our activity and during 2017 stock levels will reduce as the business continues to grow, improving the working capital cycle and hence increasing cash conversion in line with our strategic objectives. Steady progress has been made since the year end.

At 31 December 2016, debtor days remained at 68 (2015: 68) despite the continued overseas expansion and higher proportion of international customers. With many customers typically on credit terms of 60-90 days, this level of debt is reasonable.

Creditor days are higher at 97 days (2015: 79) at the year end and the Group continues to enjoy good relationships with its suppliers who remain supportive of its wider growth plans.

Cash flow

	2016 £'m	2015 £'m
Adjusted EBITDA[1]	**20.8**	14.0
Adjusted operating cash flow[1,2]	**6.6**	8.3
Cash conversion[3]	**31.7%**	59.3%
Tax paid	**(1.3)**	(1.0)
Financing inflows	**4.2**	0.8
Capital expenditure	**(7.7)**	(5.3)
Exchange rate fluctuations	**0.1**	(0.2)
Net cash flow before exceptional IPO costs	**1.9**	2.6
Exceptional IPO costs paid	**(2.5)**	-
Net cash flow	**(0.6)**	2.6

[1] Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) and adjusted operating cash flow represent EBITDA and operating cash flow adjusted for exceptional IPO costs of £2.6m.

[2] Adjusted operating cash flow is defined as adjusted EBITDA plus/minus movements in working capital.

[3] Cash conversion is defined as adjusted operating cash flow divided by adjusted EBITDA.

The Group's net cash flow before exceptional IPO costs increased by £1.9m in the year but after deducting exceptional IPO costs paid of £2.5m, net cash flow reduced by £0.6m. Adjusted operating cash flow was £1.7m lower than last year at £6.6m (2015: £8.3m) as the adverse working capital movement of £8.5m was partially offset by the £6.8m favourable movement in adjusted EBITDA.

Cash conversion has reduced to 31.7% at the year end due to the increase in stock which has adversely impacted working capital and adjusted operating cash flow.

The adjusted operating cash flow and the IPO (financing inflows) were used to fund the £7.7m investment in infrastructure to support future growth through expansion of the Chinese factory and new product development (2015: £5.3m), tax payments of £1.3m (2015: £1.0m) and the payment of exceptional IPO costs of £2.5m (2015: £nil).

Funding and covenants
The Group's capital structure has changed significantly since IPO, with shareholder loans and certain Chinese borrowings being repaid from the proceeds.

The Group has committed borrowing facilities in place in the UK comprising a £12m revolving credit facility ("RCF"), which was drawn down in full at the year end, and a maximum £30m invoice discounting facility with HSBC.

At the year end, the Group also had uncommitted and undrawn loan facilities in China of CNY 75m (£8.8m) (CNY 25m with China Construction Bank and CNY 50m Industrial and Commercial Bank of China).

Net debt at 31 December 2016 stood at £29.4m, (2015: £46.1m), representing 1.4 x 2016 adjusted EBITDA and the Group continues to enjoy considerable headroom against its covenant requirements.

Dividend
The Board expects to pay dividends to the Company's shareholders twice in every financial year. The Board intends to balance the planned dividend with the working capital requirements of the business, its profitability and funding of planned expansion in line with its growth strategy.

The Board has approved the payment of a final dividend of 0.3p per share in respect of the 2016 financial year, pro-rated for the period that the shares have traded publicly.

Subject to shareholder approval, the final dividend will be paid on 2 June 2017 to shareholders registered at the close of business on 5 May 2017. The ex-dividend date will be 4 May 2017.

Going forward, the Company is expecting to pay a dividend representing approximately 20% of profit after tax.

Going concern
The Group's projections show that the Group will be able to operate within its existing bank facilities and meet its debt covenants. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and as such has applied the going concern principle in preparing the Annual Report and Financial Statements.

Consolidated Income Statement
for the year ended 31 December 2016

	2016 £000	2015 £000
Revenue	**133,753**	103,055
Cost of sales	**(85,927)**	(69,221)
Gross profit	**47,826**	33,834
Distribution expenses	**(11,011)**	(9,233)
Administrative expenses before exceptional IPO costs	**(19,170)**	(13,150)
Operating profit before exceptional IPO costs	**17,645**	11,451
Exceptional IPO costs	**(2,635)**	-
Administrative expenses	**(21,805)**	(13,150)
Operating profit	**15,010**	11,451
Finance income	**82**	260
Finance expenses	**(2,893)**	(3,444)
Net financing expense	**(2,811)**	(3,184)
Profit before tax	**12,199**	8,267
Taxation	**(2,542)**	(2,450)
Profit for the year	**9,657**	5,817
Earnings per share (pence)		
Basic	**6.7p**	4.2p

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2016

	2016 £000	2015 £000
Profit for the year	**9,657**	5,817
Other comprehensive income - amounts that may be reclassified to profit or loss in the future:		
Foreign exchange translation differences - foreign operations	**1,797**	(810)
Total comprehensive income for the year	**11,454**	5,007

All results are from continuing operations.

Consolidated Balance Sheet
at 31 December

	2016 £000	2015 £000
Non-current assets		
Property, plant and equipment	**20,598**	15,479
Intangible assets	**12,898**	11,973
Deferred tax asset	**202**	-
	33,698	27,452
Current assets		
Inventories	**38,462**	26,195
Trade and other receivables	**29,339**	21,825
Cash and cash equivalents	**4,145**	4,787
	71,946	52,807
Total assets	**105,644**	80,259
Current liabilities		
Interest-bearing loans and borrowings	**21,279**	25,962
Trade and other payables	**33,272**	25,548
Other financial liabilities	**610**	731
	55,161	52,241
Non-current liabilities		
Other interest-bearing loans and borrowings	**12,000**	24,636
Other financial liabilities	**145**	126
Deferred tax liability	**-**	704
	12,145	25,466
Total liabilities	**67,306**	77,707
Net assets	**38,338**	2,552
Equity attributable to equity holders of the parent		
Share capital	**80**	70
Share premium	**24,772**	450
Translation reserve	**1,417**	(380)
Retained earnings	**12,069**	2,412
Total equity	**38,338**	2,552

Consolidated Statement of Changes in Equity
for the year ended 31 December 2016

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Non-controlling interest reserve £000	Total equity £000
Balance at 1 January 2015	70	450	430	(5,772)	2,367	(2,455)
Total comprehensive income						

Profit for the year	-	-	-	5,817	-	5,817
Other comprehensive loss	-	-	(810)	-	-	(810)
Total comprehensive (loss)/income for the year	-	-	(810)	5,817	-	5,007
Transfer of non-controlling interest	-	-	-	2,367	(2,367)	-
Balance at 31 December 2015	70	450	(380)	2,412	-	2,552
Total comprehensive income						
Profit for the year	**-**	**-**	**-**	**9,657**	**-**	**9,657**
Other comprehensive gain	**-**	**-**	**1,797**	**-**	**-**	**1,797**
Total comprehensive income for the year	**-**	**-**	**1,797**	**9,657**	**-**	**11,454**
Shares issued in the year	**10**	**24,322**	**-**	**-**	**-**	**24,332**
Balance at 31 December 2016	**80**	**24,772**	**1,417**	**12,069**	**-**	**38,338**

Movements in share capital and share premium relate solely to amounts received from issuing new shares less the legal and professional fees incurred as part of the process.

Consolidated Cash Flow Statement
for the year ended 31 December 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the year	**9,657**	5,817
Adjustments for:		
Depreciation and amortisation	**3,198**	2,573
Financial income	**(82)**	(260)
Financial expense	**2,893**	3,444
Taxation	**2,542**	2,450
Operating cash flow before movement in working capital	**18,208**	14,024
Exceptional IPO costs	**2,635**	-
Operating cash flow before movement in working capital and exceptional IPO costs	**20,843**	14,024
Increase in trade and other receivables	**(7,514)**	(3,543)
Increase in inventories	**(12,267)**	(2,361)
Increase in trade and other payables	**5,555**	200
Cash from operations	**6,617**	8,320
Exceptional IPO costs paid	**(2,567)**	-
Adjusted operating cash flow	**4,050**	8,320
Tax paid	**(1,348)**	(1,003)
Net cash from operating activities	**2,702**	7,317
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(6,018)**	(3,744)
Acquisition of other intangible assets	**(1,688)**	(1,560)
Net cash used in investing activities	**(7,706)**	(5,304)
Cash flows from financing activities		
Proceeds from new loans	**128**	13,114
Interest paid	**(3,005)**	(3,475)
Repayment of borrowings	**(17,213)**	(7,411)
Repayment of preference shares	**-**	(1,357)
Payment of finance lease liabilities	**(14)**	(62)
Net proceeds from share issue	**24,332**	-
Net cash from financing activities	**4,228**	809
Net (decrease)/increase in cash and cash equivalents	**(776)**	2,822
Cash and cash equivalents at 1 January	**4,787**	2,125
Effect of exchange rate fluctuations on cash held	**134**	(160)
Cash and cash equivalents at 31 December	**4,145**	4,787

Notes to the Consolidated Financial Information
for the year ended 31 December 2016

1 Basis of preparation
The financial information is derived from the Group's consolidated financial statements for the year ended 31 December 2016, which have been prepared on the going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared on the historical cost basis except for certain financial instruments which are carried at fair value.

The accounting policies adopted are consistent with the consolidated financial statements for the year ended 31 December 2015.

The statutory accounts for the year ended 31 December 2015 have been reported on by the Company's auditors and delivered to the Registrar of Companies. The statutory accounts for the year ended 31 December 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on those accounts; their report was unqualified, did not include references to any matter which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2 Operating segments
The Group's principal activities are in the manufacturing and supply of LED lighting, wiring accessories, portable power equipment and Ross (home entertainment products). For the purposes of management reporting to the Chief Operating Decision-Maker (the Board), the Group consists of four operating segments which are the product categories that the Group manufactures and distributes. The Board does not review the Group's assets and liabilities on a segmental basis and, therefore, no segmental disclosure is included. Inter-segment sales are not material.

	2016 £000	2015 £000
Revenue		
Wiring Accessories	**62,172**	47,893
Portable Power	**33,236**	28,755
LED Lighting	**33,037**	23,304
Ross and other	**5,308**	3,103
	133,753	103,055
Operating profit before exceptional IPO costs		
Wiring Accessories	**11,277**	6,415
Portable Power	**3,448**	2,944
LED Lighting	**2,285**	1,848
Ross and other	**635**	244
	17,645	11,451
Exceptional IPO costs	**(2,635)**	-
Operating profit	**15,010**	11,451
Finance income	**82**	260
Finance expense	**(2,893)**	(3,444)

Profit before tax	**12,199**	8,267
Taxation	**(2,542)**	(2,450)
Profit after tax	**9,657**	5,817
Revenue by location of customer		
Middle East	**4,874**	5,281
Asia Pacific	**4,177**	3,478
Africa	**1,909**	2,051
Europe	**5,961**	4,281
Americas	**2,075**	1,346
UK	**114,757**	86,618
	133,753	103,055

3 Expenses recognised in the Income Statement
Included in the Income Statement are the following:

	2016 £000	2015 £000
Research and development costs expensed as incurred	**193**	104
Operating lease charges:		
Plant and machinery	**115**	92
Other assets	**564**	414
Depreciation of property, plant and equipment	**2,435**	2,035
Amortisation of intangible assets	**763**	538

Exceptional IPO costs

	2016 £000	2015 £000
Legal and advisory fees	**2,035**	-
Listing costs	**162**	-
Incremental staff costs	**415**	-
Other	**23**	-
	2,635	-

Exceptional IPO costs in 2016 relate entirely to the Group's IPO in the year and are, therefore, shown separately as they are not expected to recur and are not considered to relate to the Group's underlying performance.

Incremental staff costs include non-recurring costs the business incurred in support of the IPO process.

4 Taxation

	2016 £000	2015 £000
Current tax expense		
Current year - UK	**2,673**	651
Current year - overseas	**742**	958
Adjustment in respect of prior years	**33**	124
Current tax expense	**3,448**	1,733
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	**(745)**	547
Changes in tax rate	**(4)**	52
Adjustment in respect of prior years	**(157)**	118
Deferred tax (credit)/expense	**(906)**	717
Total tax expense	**2,542**	2,450

The tax rate has been positively impacted by losses allowed in the year, via a loan rationalisation programme, that were previously considered uncertain and the recognition of previously unrecognised deferred tax assets.

5 Earnings per share
Adjusted earnings per share measure is calculated based on the profit for the year attributable to the owners of the Company before adjusting for exceptional IPO costs as follows:

	2016 £000	2015 £000
Earnings for calculating basic earnings per share	**9,657**	5,817
Adjusted for:		
Exceptional IPO costs	**2,635**	-
Earnings for calculating adjusted basic earnings per share	**12,292**	5,817

	2016 Number 000	2015 Number 000
Weighted average number of ordinary shares in issue[1]	**144,123**	140,000

	2016 Pence	2015 Pence
Basic earnings per share	**6.7**	4.2
Basic adjusted earnings per share	**8.5**	4.2

1. 2015 weighted average number of ordinary shares in issue reflects the share subdivision that took place in 2016.

There are no dilutive ordinary shares in issue at 31 December 2016.

6 Dividends
The Company did not pay a dividend during the years ended 31 December 2016 and 31 December 2015. The Directors have proposed a final dividend of 0.3 pence per ordinary share, subject to approval by the shareholders at the Annual General Meeting on 25 May 2017.

	2016 £'000	2015 £'000
Final proposed dividend of 0.3 pence per ordinary share (2015: nil pence)	**482**	-

Cautionary statement
This announcement contains forward-looking statements, statistics and projections that are subject to risk factors associated with, among other things the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables, not under the Group's control, which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Company undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

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