Dialight

Dialight plc
("Dialight" or "the Group")

Half year results 2018

Dialight plc (LSE: DIA.L), the global leader in sustainable LED lighting for industrial applications, announces its half year results for the six months ended 30 June 2018.

	H1 2018 £m	H1 2017 £m
Revenue	**80.1**	92.7
Underlying[1] profit from operating activities	**2.9**	6.5
Underlying[1] profit before tax	**2.8**	6.4
Underlying basic EPS	**6.4p**	12.8p
Non underlying costs	**-**	(2.4)
Statutory profit from operating activities	**2.9**	4.1
Statutory profit before tax	**2.8**	4.0
Statutory EPS	**6.4p**	8.0p
Net cash	**7.3**	12.7

Key points	
	• Operational improvements; confidence in H2 • High Bay production commenced in our Mexico and Malaysia facilities; reliance on manufacturing partner reducing • European, Australian Lighting revenues and orders increased; US declined though good recovery expected in H2 2018

Marty Rapp, Group Chief Executive, said:

"We have taken targeted actions to improve our operational performance, reducing late orders significantly since the start of the year. This improvement is primarily due to moving an increasing proportion of our product assembly back in-house. On-time delivery and cost performance of our internal assembly are both excellent. I am now confident that as we move toward our traditionally heavy fourth quarter we will be able to deliver our products on time and in the quantities needed. As previously guided, our results for 2018 will be heavily weighted to H2 reflecting the continued resolution of our operational issues.

Our market proposition remains compelling with the sustainability benefits of reduced energy usage, lower carbon emissions, reduced maintenance and improved safety offering real value to our customers. We are now resuming a more aggressive approach to delivering growth, as we transition from recovery to growth. We remain excited by the Group's prospects for the future."

Results presentation:

A presentation to analysts and investors will be held today at 09.00 BST at The City Centre, 80 Basinghall Street, London, EC2V 5AG, United Kingdom. The presentation and an audiocast will be made available on the company's website, www.dialight.com.

Contacts:

Dialight Plc
Tel: +44 (0)203 058 3542
Marty Rapp - Group Chief Executive
Tel: +44 (0)203 058 3542
Fariyal Khanbabi - Group Finance Director
MHP Communications
Tel: +44 (0)20 3128 8100
Tim Rowntree

About Dialight:

Dialight (LSE: DIA.L) is a global leader in sustainable LED lighting for industrial applications**.** Dialight's LED products are providing the next generation of lighting solutions that deliver reduced energy consumption and create a safer working environment. Our products are specifically designed to provide superior operational performance, reliability and durability, reducing energy consumption and ongoing maintenance and achieving a rapid return on investment.

The company is headquartered in the UK with operations in the USA, UK, Denmark, Germany, Malaysia, Singapore, Australia, Mexico, Dubai and Brazil. www.dialight.com.

Notes:

1. Defined as excluding non-underlying items of £nil (H1 2017: £2.4m)
2. Constant currency impact is calculated by re-translating the prior year numbers at the exchange rate prevailing in the current year.
3. Order intake is the value of orders received in a given period.
4. Cautionary Statement: This announcement contains certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans and objectives for the management of future operations of Dialight Plc and its subsidiaries is not warranted or guaranteed. These statements typically contain words such as 'intends', 'expects', 'anticipated', 'estimates' and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although Dialight Plc believes that the expectations will prove to be correct. There are a number of factors, many of which are beyond the control of Dialight Plc, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. This announcement contains inside information on Dialight Plc.

Dialight

OVERVIEW

The most critical issue facing Dialight since the second half of 2017 has been late product deliveries due to the continued inability of our manufacturing partner to adequately increase production output. We have taken targeted actions to improve our operational performance and these actions have produced significant improvements. We are now confident in our ability to support the normal Q4 spike in demand.

Our overall level of late orders has improved by 60% since the start of the year. The movement of final assembly of an increasing volume of products from our manufacturing partner back to our own facilities has been a significant driver of this improvement. We are currently producing approximately 37% of our total lighting volume in our own facility in Mexico and we are now rapidly ramping the volumes there. The current on time delivery for our High Bay product line at our Mexico facility is 85%. On time delivery at our manufacturing partner averaged 51% for the half year and was 55% for the month of June. There is sufficient capacity available in our facilities to move all remaining assembly operations from our manufacturing partner if necessary to continue to drive our operational performance to industry-leading levels.

The product requirements for the markets we serve result in a low volume/high mix product portfolio. The variety demanded by our customers and applications means that it is difficult to accurately predict future demand to the part number level. By taking control of the supply chain we will be able to fulfill component shortages at our own facility. The industry wide shortages have continued and are expected to last well into 2019, however our knowledge of the market has enabled us to source our quantity requirements when needed.

Our recovery actions have resulted in use of a hybrid model, in which we can purchase assembled products from our manufacturing partner or assemble products in our own facility. When we assemble products in our own facility, we can purchase subassemblies from our manufacturing partner or from other newly qualified suppliers. Our newly qualified suppliers of subassemblies have adequate capacity to support our entire purchasing requirements, and we are now taking regular subassembly deliveries from our manufacturing partner and our other suppliers. This model gives us significant capacity and flexibility to scale our operations.

We have also recently initiated assembly of lighting products at our facility in Penang, Malaysia. This facility has in recent years been producing products for our Signals and Components business. We have recently installed capacity to assemble lighting products for our customers located in APAC and EMEA. We have limited space in this facility, so we are considering relocation to a larger facility nearby so that we can produce our entire regional lighting requirements in addition to the existing Signals and Components products. As in Ensenada, we are qualifying local sub-assembly suppliers and will begin taking regular deliveries from these suppliers within the coming months. There is adequate capacity at these suppliers to support our current and future requirements.

The main premise of our move to contract manufacturing was to achieve material cost savings and labour efficiencies. To date, we have not seen sufficient evidence of these savings and efficiencies. From a quality and cost perspective our own facilities are significantly more competitive. Our own facility at Ensenada is running at 83% on time delivery for lighting products. The material cost savings that have been generated to date have been as a result of the work of our internal procurement team. We expect this will continue as we move production back to our own facility. Our internal labour force in Ensenada are skilled in complex assembly processes with cycle times on average 20% lower in our own facility than at our contract manufacturer.

Business performance

Dialight has built up strong sales capabilities across our three global regions. The first half of 2018 has seen the first benefit in the European Lighting business after rebuilding the sales team in 2017, delivering revenue growth of 24% at constant currency. This was partly offset by a decline in the European wind business due to one of our largest customers deferring their capital projects. Dialight's Australian team continues to be successful in driving growth and building capabilities in the region, producing 6% revenue growth in the first half at constant currency. This team has also taken responsibility of building the Asia sales team which is now in place but relatively new. Both of these regions operate with a narrow product range that are held in inventory, therefore were not as affected by the recent operational issues.

The US Lighting business has been most impacted with significant delivery issues and extended lead times, resulting in a decline in revenue of 15% at constant currency. The team has deferred bidding on certain large capital projects which have short lead times due to the extended delivery from our manufacturing partner. The US also has 40% of its revenue from customers' maintenance budgets which are supplied from inventory at our distribution channels. The extended lead times have significantly reduced inventory within the channel and hence impacted revenue. However this team is extremely strong and with the operational issues easing, we expect to see a good recovery in the second half of the year.

The Signals and Components business has had a strong first half with revenue growth of 12% and 69% EBIT growth at constant currency. This segment benefits from a strong distribution channel with significant inventory. Our own facilities in Penang and Ensenada producing these products have been running at 98% on time delivery. Our strategy for this business is to build on its strong legacy foundations and we have made modest select investments in this business to update products where such investments will result in increased revenue, protect existing revenue, or increase margins. There are, however, challenges in this business: heavy competition, customer consolidation, cyclical market trends, and most recently the US imposed tariffs on Chinese electronic products, including LEDs, which are potentially a major disruptive force in the electronics segments.

Business fundamentals

Our operational challenges are not all behind us, but we have recovered to a significant extent and are now resuming a more aggressive approach to return to growth. The markets we serve remain attractive, with conversion to LED technology being under 10%. Our extended operational difficulties have bruised our customer relationships and market share but we are confident that we can and will recover both.

Customers convert to LED lighting and buy Dialight's products because doing so remains the most efficient way to drive down energy usage and total cost of ownership of their lighting. We are delivering the next generation of lighting solutions that not only reduce energy consumption further but create a safer working environment. Our products are specifically designed to provide superior operational performance, reliability and durability, reducing energy consumption and ongoing maintenance and delivering attractive return on investment to our customers. Our market proposition is compelling, with the sustainability benefits of reduced energy usage, lower carbon emissions, reduced maintenance and improved safety offering real value to our customers.

Within the industrial LED Lighting market, Dialight has historically focused on specific niches where hazardous location certifications are required. Within the last five years, Dialight has expanded its focus to include applications where its products can withstand extreme environments such as high heat, high humidity, shock and vibration, dust, water and other challenges but hazardous location certifications are not essential.

Dialight will begin to focus on broadening its range of product offering to its existing customers, in sites where we are already supplying lights for their hazardous locations. These types of applications include warehouses, lighter duty assembly or manufacturing applications, cold storage, distribution centres and other industrial environments. We will initially focus this expansion in geographic regions where we already have strong direct sales resources. We are in the midst of developing our strategy to address this expanded market, which would require a significant increase in our capacity to develop new products.

The global annual LED lighting market is reported to be approximately £50bn, with the largest share being residential at 39%, and the industrial lighting market representing 8% at £2bn. Dialight currently serves in a £0.5bn market and has a 27% share of this market. We have significant opportunities to grow in the industrial lighting market by increasing our range of offerings to our existing customer base.

In parallel with development of our product strategy to address this expanded served market, we are developing plans for changes in the rest of the business to enable and support successful delivery of more significant growth, predominantly in our operational and engineering footprint. The key theme of our expansion plans is moving to a more global/regional hybrid structure in recognition that we need the speed that comes with proximity to our end markets and the fact that the industrial LED market has strong regional differences versus being a truly global market.

Outlook

We have taken targeted actions to improve our operational performance, reducing late orders significantly since the start of the year. This improvement is primarily due to moving an increasing proportion of our product assembly back in-house. On-time delivery and cost performance of our internal assembly are both excellent. I am now confident that as we move toward our traditionally heavy fourth quarter we will be able to deliver our products on time and in the quantities needed. As previously guided, our results for 2018 will be heavily weighted to H2 reflecting the continued resolution of our operational issues.

Our market proposition remains compelling with the sustainability benefits of reduced energy usage, lower carbon emissions, reduced maintenance and improved safety offering real value to our customers. We are now resuming a more aggressive approach to delivering growth, as we transition from recovery to growth. We remain excited by the Group's prospects for the future.

FINANCIAL REVIEW

The first half of 2018 has been impacted by the corrective actions taken to improve our operational challenges. The ability of our manufacturing partner to ramp up production has been insufficient since the inception of the relationship. There has been considerable progress made on the smaller product lines that were transferred from our own facility at the start of 2017. However the product line most impacted is our High Bay line where the level of late orders increased during the first half, with production being solely at our manufacturing partner before we began to move assembly of this product line to our Ensenada facility. The transfer in June of a significant proportion of the High Bay line back to our own facility in Ensenada has already resulted in a 25% reduction in High Bay late orders. We will continue to move further production of all product lines back to our own facility as necessary until delivery times are back to a normal level of service.

The extended lead times have impacted our revenue with Group revenue being 14% behind H1 2017 at £80.1m and on a constant currency basis it was 7% lower than H1 2017. The region most impacted was the US which has a broad customer base and the extended lead times have resulted in a number of large capital orders not being bid due to the lead times at our manufacturing partner.

The retention of our skilled production labour in advance of the ramp in production of High Bay and not scaling down our Ensenada facility despite low levels of lighting production has resulted in additional costs. These actions coupled with continued use of air freight to mitigate the extended lead times impacted the Group at a gross margin level. Our gross margin reduced by 400 bps compared to H1 2017, but was in line with the second half of 2017 when the operational issues came to the forefront. During this period we have had strong cost control discipline and have seen our operating costs (excluding non-underlying) reduce from £29.7m in H1 2017 to £25.4m in H1 2018.

The key drivers for the reduction in the EBIT on a constant currency basis (excluding foreign exchange impact of £0.9m) are as follows:

- (£1.8m) gross margin impact of the revenue reduction;
- (£3.5m) due to reduction in gross margin due to dual running costs incurred for maintaining the Ensenada plant and additional freight charges;
- offset by £2.6m operational savings.

Currency impact

Dialight reports its results in Sterling. Our major trading currency is the US Dollar, which in H1 2018 comprised 79% of the Group's revenue. The Group has both translational and transactional currency exposure. Translational exposures arise on the consolidation of overseas results into Sterling and this is the major currency exposure. Transactional exposure is where the currency of sales or purchases differ from the local functional currency. We use natural hedging on revenue and purchases to mitigate the majority of the currency risk.

The US dollar has weakened by 10% compared to the first half of 2017 which has been the main driver for the currency impact. The average rate for the US Dollar against Sterling has moved from 1.26 in first half of 2017 to 1.38 in the first half of 2018. Based on the current mix of currencies and expected level of activity, a 1% movement in the US dollar relative to Sterling changes annual revenue by £0.6m and has no impact on EBIT.

Lighting segment

Lighting	H1 2018 £m	H1 2017 £m	Variance
Revenue	**59.3**	72.4	(18%)
Gross profit	**22.0**	30.6	(28%)
Gross profit %	**37%**	42%	-500bps
Overheads	**(18.7)**	(23.1)	19%
Underlying EBIT	**3.3**	7.5	(56%)

The Lighting segment represented 74% of the Group's revenue and 60% of the Group's underlying segmental operating profit. Revenues were 18% lower (12% lower at constant currency) compared with the prior year. The production delays adversely impacted the US region where our teams deferred from bidding on capital projects. This was partially offset with strong growth in Europe and in Australia.

Our order intake, i.e. the value of orders received in the year, was also adversely impacted with a year on year decline of 10% at constant currency. The European and APAC lighting business delivered order growth of 22% and 24% (at constant currency) respectively. The US lighting orders were significantly impacted resulting in a decline of 18% (at constant currency).

Gross margin contracted by 500 bps to 37%. The major elements of the decrease are:

- 220 bps reduction due to duplicate plant running costs as we have maintained our facility in Ensenada pending the transfer of High Bay production back from our manufacturing partner;
- 120 bps reduction due to retaining our skilled production labour force in advance of production commencing in June 2018 at our own facility;
- 110 bps reduction due to raw materials markup charged by our manufacturing partner with no offsetting savings achieved in the period; and
- 50 bps reduction due to continued use of air freight to mitigate the extended lead times.

As the volume of in house production increases the negative impact of these additional costs will be mitigated.

Operating costs reduced by £4.4m compared to last year. This was due to sales related costs flexing with the lower revenues, strict cost control procedures, and a foreign exchange impact of £1.7m.

The result of lower revenues and contraction in gross margin, partially offset by lower costs, was that the overall underlying operating profit in the Lighting segment reduced by 56% to £3.3m.

Signals and components

Signals and Components	H1 2017 £m	H1 2017 £m	Variance
Revenue	**20.8**	20.3	+2%
Gross profit	**6.3**	5.6	+13%
Gross profit %	**30%**	28%	+200bps
Overheads	**(4.1)**	(4.0)	(3%)
Underlying EBIT	**2.2**	1.6	+38%

Signals and Components is a high volume business operating within highly competitive markets. Reported revenue increased by 2% compared to the prior period. There remains significant competition from low cost producers but margins improved by 200bps as a continuous cost improvement programme mitigated the price erosion. Overall there was an increase in underlying operating profit of £0.6m.

Central overheads

Central overheads comprise of costs not directly attributable to a segment and therefore not allocated to these segments. In H1 2018 they amounted to £2.6m in line with H1 2017.

Non-underlying costs

The Group incurs costs and earns income that is non-recurring in nature or that is otherwise considered to not be reflective of the underlying performance of the business. In the assessment of performance of the Group in prior periods, management examined underlying performance, which removed the impact of non-underlying costs and income. The table below presents the components of non-underlying profit or loss recorded within cost of sales and administrative expenses:

Non-underlying costs	H1 2018 £m	H1 2017 £m
Production transfer costs recorded in administrative expenses	-	(2.4)
Total cash impact	-	(2.4)

In the prior year, non-underlying costs related to the transfer of lighting assembly to our manufacturing partner. The costs were for set up costs, project management and dedicated engineering time. There are no further transfer costs being incurred, all accrued redundancy costs have been utilised in the period against terminations related to the project.

Cash flow

The Group's net cash position decreased by £5.5m in the half year from net cash of £12.8m at 31 December 2017 to net cash of £7.3m at 30 June 2018.

The roll forward of net cash was as follows:

Cash flow	£m
Net cash at 31 December 2017	**12.8**
EBITDA	**5.1**
Net working capital excluding inventory	**3.1**
Increase in inventory	**(9.0)**
Capital expenditure	**(2.3)**
Taxes	**(1.2)**
Provisions and other movements	**(1.2)**
Net cash at 30 June 2018	**7.3**

The main driver in the reduction in cash is a result of an increase in inventories. As previously announced we expected the cash position to reduce as we built up raw material inventory prior to the transfer. There may be more cash utilised if further production has to be transferred from our manufacturing partner. There was an improvement in debtors due to strong cash collection across the Group. The cash generated from earning in the half year were utilised to fund capital expenditure relating to some production and testing equipment required for our own plant in Mexico.

Banking

The Group has its banking relationships with HSBC Bank plc and Wells Fargo. The Group has a revolving credit facility with HSBC of £25m, with a further £25m "accordion" feature, and a five-year term. The Group has no borrowings against the facility at the balance sheet date and remains fully compliant with its covenant requirements which ensures significant financial flexibility.

Capital management and dividend

The Board's policy is to maintain a strong capital base in order to maintain customer, investor and creditor confidence and to sustain future development of the business. The Board considers consolidated total equity as capital. At 30 June 2018 this equated to £79.9m (H1 2017: £78.9m).

The Board is not proposing any interim dividend payment for 2018 (2017: nil). The Group has a clear capital allocation discipline and is committed to returning excess funds to shareholders via future dividend or share repurchase.

Full year guidance for 2018

The Board continues to expect a H2 weighting to the Group's trading performance for the year ending 31 December 2018. As a result of the US tax legislation changes which have been effective from 1 January 2018, we anticipate the effective tax rate for 2018 will be c25% before discrete tax items. We expect our capital expenditure to be in the region of £7m for 2018.

Marty Rapp, Group Chief Executive
Fariyal Khanbabi, Group Finance Director
30 July 2018

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2018 (unaudited)

	Note	6 months ended 30 June 2018 (unaudited) Total £'m	6 months ended 30 June 2017 (unaudited) Total £'m	12 months ended 31 December 2017 (audited) Total £'m
Revenue	2	**80.1**	92.7	181.0
Cost of sales		**(51.8)**	(56.5)	(114.3)
Gross profit		**28.3**	36.2	66.7
Distribution costs		**(15.0)**	(17.4)	(34.0)
Administrative expenses		**(10.4)**	(14.7)	(29.4)
Underlying profit from operating activities *		**2.9**	6.5	9.7
Non-underlying administrative expenses	3	**-**	(2.4)	(6.4)
Profit from operating activities	2	**2.9**	4.1	3.3
Financial income	4	**-**	-	-
Financial expense	4	**(0.1)**	(0.1)	(0.3)
Net financing expense	4	**(0.1)**	(0.1)	
Underlying profit before tax *		**2.8**	6.4	9.4
Non-underlying administrative expenses	3	**-**	(2.4)	(6.4)
Profit before tax		**2.8**	4.0	3.0
Income tax expense	5	**(0.7)**	(1.4)	(1.3)
Profit for the period		**2.1**	2.6	1.7
Profit for the period attributable to:				
Equity owners of the Company		**2.0**	2.3	1.3
Non-controlling Interests		**0.1**	0.3	0.4
Profit for the period		**2.1**	2.6	1.7
Earnings per share				
Basic	6	**6.4p**	8.0p	4.8p
Diluted	6	**6.2p**	7.9p	4.8p

* Underlying profit measures exclude non-underlying items, which are analysed in note 3.

The accompanying Notes form an integral part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2018 (unaudited)

	6 months ended 30 June 2018 (unaudited) £'m	6 months ended 30 June 2017 (unaudited) £'m	12 months ended 31 December 2017 (audited) £'m
Other comprehensive income			
Exchange difference on translation of foreign operations	**1.2**	(3.5)	(5.6)
Income tax on exchange differences on transactions of foreign operations	**(0.1)**	1.3	0.6
Remeasurement of defined benefit liability	**0.6**	1.5	1.9
Income tax on remeasurement of defined benefit liability	**(0.1)**	(0.5)	(0.4)
Other comprehensive income for the period, net of tax	**1.6**	(1.2)	(3.5)
Profit for the period	**2.1**	2.6	1.7
Total comprehensive income/(expense) for the period	**3.7**	1.4	(1.8)
Attributable to:			
- Owners of the parent	**3.6**	1.1	(2.2)
- Non-controlling interest	**0.1**	0.3	0.4
Total comprehensive income for the period	**3.7**	1.4	(1.8)

The accompanying Notes form an integral part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2018 (unaudited)

	Share capital £'m	Merger reserve £'m	Translation reserve £'m	Capital redemption reserve £'m	Retained earnings £'m	**Total £'m**	Non-controlling interests £'m	**Total Equity £'m**
Balance at 1 January 2018	0.6	1.4	10.4	2.2	61.2	**75.8**	0.3	**76.1**
Profit	-	-	-	-	2.0	**2.0**	0.1	**2.1**
Other comprehensive income:								
Foreign currency translation differences, net of taxes	-	-	1.1	-	-	**1.1**	-	**1.1**
Remeasurement of defined benefit liability, net of taxes	-	-	-	-	0.5	**0.5**	-	**0.5**
Total other comprehensive income	-	-	1.1	-	0.5	**1.6**	-	**1.6**
Total comprehensive income for the period	-	-	1.1	-	2.5	**3.6**	0.1	**3.7**
Transactions with owners, recorded directly in equity:								
Share–based payments, net of tax	-	-	-	-	0.1	**0.1**	-	**0.1**
Total contributions by and distributions to owners	-	-	-	-	0.1	**0.1**	-	**0.1**
Balance at 30 June 2018	0.6	1.4	11.5	2.2	63.8	**79.5**	0.4	**79.9**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2018 (unaudited)

	Share capital £'m	Merger reserve £'m	Translation reserve £'m	Capital redemption reserve £'m	Retained earnings £'m	**Total £'m**	Non-controlling interests £'m	**Total Equity £'m**
Balance at 1 January 2017	0.6	1.4	15.4	2.2	57.6	**77.2**	(0.1)	**77.1**
Profit	-	-	-	-	2.3	**2.3**	0.3	**2.6**
Other comprehensive income:								
Foreign currency translation differences, net of taxes	-	-	(2.2)	-	-	**(2.2)**	-	**(2.2)**
Remeasurement of defined benefit liability, net of taxes	-	-	-	-	1.0	**1.0**	-	**1.0**
Total other comprehensive income	-	-	(2.2)	-	1.0	**(1.2)**	-	**(1.2)**
Total comprehensive income for the period	-	-	(2.2)	-	3.3	**1.1**	0.3	**1.4**
Transactions with owners, recorded directly in equity:								
Share–based payments, net of tax	-	-	-	-	0.4	**0.4**	-	**0.4**
Total contributions by and distributions to owners	-	-	-	-	0.4	**0.4**	-	**0.4**
Balance at 30 June 2017	0.6	1.4	13.2	2.2	61.3	**78.7**	0.2	**78.9**

	Share capital £'m	Merger reserve £'m	Translation reserve £'m	Capital redemption reserve £'m	Retained earnings £'m	**Total £'m**	Non-controlling interests £'m	**Total Equity £'m**
Balance at 1 January 2017	0.6	1.4	15.4	2.2	57.6	**77.2**	(0.1)	**77.1**
Loss	-	-	-	-	1.3	**1.3**	0.4	**1.7**
Other comprehensive income:								
Foreign currency translation differences, net of taxes	-	-	(5.0)	-	-	**(5.0)**	-	**(5.0)**
Defined benefit plan actuarial losses, net of taxes	-	-	-	-	1.5	**1.5**	-	**1.5**
Total other comprehensive income	-	-	(5.0)	-	1.5	**(3.5)**	-	**(3.5)**
Total comprehensive income for the period	-	-	(5.0)	-	2.8	**(2.2)**	0.4	**(1.8)**
Transactions with owners, recorded directly in equity:								
Share–based payments, net of tax	-	-	-	-	0.8	**0.8**	-	**0.8**
Total contributions by and distributions to owners	-	-	-	-	0.8	**0.8**	-	**0.8**
Balance at 31 December 2017	0.6	1.4	10.4	2.2	61.2	**75.8**	**0.3**	**76.1**

CONDENSED CONSOLIDATED STATEMENT OF TOTAL FINANCIAL POSITION

As at 30 June 2018 (unaudited)

	30 June 2018 (unaudited) £'m	30 June 2017 (unaudited) £'m	31 December 2017 (audited) £'m
Assets			
Property, plant and equipment	**13.7**	15.4	13.9
Intangible assets	**14.6**	15.2	13.9
Deferred tax asset	**5.5**	4.7	5.3
Employee Benefits	**1.8**	0.4	1.0
Other Receivables	**0.2**	-	0.2
Total non-current assets	**35.8**	35.7	34.3
Inventories	**33.9**	26.2	24.6
Trade and other receivables	**28.4**	32.0	34.3
Cash and cash equivalents	**7.3**	12.7	12.8
Total current assets	**69.6**	70.9	71.7
Total assets	**105.4**	106.6	106.0
Trade and other payables	**(23.9)**	(24.4)	(26.9)
Provisions	**(0.6)**	(2.0)	(1.4)
Tax liabilities	**(0.1)**	(0.3)	(0.7)
Total current liabilities	**(24.6)**	(26.7)	(29.0)
Employee benefits	**-**	-	-
Provisions	**(0.9)**	(1.0)	(0.9)
Total non-current liabilities	**(0.9)**	(1.0)	(0.9)
Total liabilities	**(25.5)**	(27.7)	(29.9)
Net assets	**79.9**	78.9	76.1
Equity			
Issued share capital	**0.6**	0.6	0.6
Merger reserve	**1.4**	1.4	1.4
Other reserves	**13.7**	15.4	12.6
Retained earnings	**63.8**	61.3	61.2
	79.5	78.7	75.8
Non-controlling interests	**0.4**	0.2	0.3
Total equity	**79.9**	78.9	76.1

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2018 (unaudited)

	6 months ended 30 June 2018 (unaudited) £'m	6 months ended 30 June 2017 (unaudited) £'m	12 months ended 31 December 2017 (audited) £'m
Operating activities			
Profit for the period	**2.1**	2.6	1.7
Adjustments for:			
Financial expense	**0.1**	0.1	0.3
Income tax expense	**0.7**	1.4	1.3
Share–based payments	**0.1**	0.4	0.8
Depreciation of property, plant and equipment	**1.5**	1.7	2.4
Amortisation of intangible assets	**0.7**	0.9	1.5
Impairment losses on intangible assets and goodwill	**-**	-	1.2
Impairment losses on tangible assets	**-**	-	0.9
Operating cash flow before movements in working capital	**5.2**	7.1	10.1
(Increase)/decrease in inventories	**(9.0)**	4.1	5.1
Decrease in trade and other receivables	**6.2**	6.7	3.4
Decrease in trade and other payables	**(3.1)**	(6.0)	(2.6)
Decrease in provisions	**(0.8)**	(1.8)	(2.4)
Pension contributions in excess of the income statement charge	**(0.2)**	(0.2)	(0.5)
Cash generated from operations	**(1.7)**	9.9	13.1
Income taxes paid	**(1.2)**	(3.4)	(4.3)
Interest paid	**(0.1)**	(0.1)	(0.3)
Net cash from operating activities	**(3.0)**	6.4	8.5
Capital expenditure	**(1.1)**	(1.9)	(2.6)
Sale of fixed assets	**-**	2.0	2.0
Capitalised expenditure on development	**(1.2)**	(1.3)	(2.3)
Net cash used in investing activities	**(2.3)**	(1.2)	(2.9)
Financing activities			
Proceeds from issue of shares	**-**	-	0.1
Net cash from financing activities	**-**	-	0.1
Net (decrease)/increase in cash and cash equivalents	**(5.3)**	5.2	5.7
Cash and cash equivalents at 1 January	**12.8**	8.0	8.0
Effect of exchange rates on cash held	**(0.2)**	(0.5)	(0.9)
Cash and cash equivalents at end of period	**7.3**	12.7	12.8

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2018 (unaudited)

1. Basis of preparation and principal accounting policies

Statement of compliance

The unaudited condensed financial statements for the six months ended 30 June 2018 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34), and have been prepared on the basis of International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union that are effective for the year ending 31 December 2018. The Directors have a reasonable expectation that the Group has sufficient resources to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing financial statements.

The unaudited condensed financial statements for the six months ended 30 June 2018, which were approved by the Board on 30 July 2018, and the comparative information in relation to the half year ended 30 June 2017, do not comprise statutory accounts for the purpose of Section 434 of the Companies Act 2006, and should be read in conjunction with the Annual Report for the year ended 31 December 2017. Those accounts have been reported upon by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not include a reference to any matters to 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.

Adoption of new and revised standards

The accounting policies adopted in the preparation of these unaudited condensed financial statements are consistent with the policies applied by the Group in its consolidated financial statements for the year ended 31 December 2017. The following accounting standards, interpretations and amendments have been adopted by the Group in the current period:

IFRS 9 – Financial instruments

IFRS 15 – Revenue from contracts with customers and clarifications to IFRS 15

Amendments to IAS 7: Disclosure initiative

Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses

Annual improvements to IFRS standards 2014-2016 cycle

IFRS 9 'Financial instruments' removes the multiple classification and measurement models for financial assets required by IAS 39 and introduces a model that has only two classification categories: amortised cost and fair value. Classification is driven by the business model for managing the financial assets and the contractual cash flow characteristics of those assets. The primary impact of IFRS 9 relates to provisioning for potential future credit losses on financial assets.

IFRS 15 'Revenue from contracts with customers' and subsequent amendments 'Clarifications to IFRS 15' set out the requirements for recognising revenue and costs from contracts with customers. The Group has concluded that IFRS 15 does not have any impact on the timing and recognition of revenue, operating profit margin or net assets.

There is no material impact on this interim financial report as a result of adopting these new standards.

1. Basis of preparation and principal accounting policies (continued)

The following accounting standards, interpretations and amendments that are applicable to the Group have been issued by the IASB but had either not been adopted by the European Union or were not yet effective in the European Union at 30 June 2018. The Group is currently analysing the impact these standards would have on its consolidated results and financial position.

IFRS 16 – Leases

Amendments to IFRS 2 – Classification and measurement of share-based payment transactions

Amendments to IAS 19 – Plan amendment, curtailment or settlement

Amendments to IAS 28 – Long-term interests in associates and joint ventures

IFRIC 22 – Foreign currency transactions and advance consideration

IFRIC 23 – Uncertainty over income tax treatments

Annual Improvements to IFRS standards 2015-2017 cycle

IFRS 16 'Leases' will primarily change lease accounting for lessees. A single model will be applied by lessees to all leases with the option not to recognise leases of small value or with terms less than 12 months. It is expected that, as a result of this standard, most operating leases will be included on the balance sheet as an asset, together with the corresponding lease liability. As the Group does not have any significant leases the impact is unlikely to be material.

Estimates and judgements

In preparing these condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

2. Operating segments

The Group comprises two reportable operating segments. These segments have been identified based on the internal information that is supplied regularly to the Group's Chief Operating Decision Maker for the purposes of assessing performance and allocating resources. The Chief Operating Decision Maker is considered to be the Group's Chief Executive.

The two reportable operating segments are:

a) Lighting, which develops, manufactures and supplies highly efficient LED lighting solutions for hazardous and industrial applications in which lighting performance is critical and includes anti-collision obstruction lighting; and
b) Signals and Components, which develops, manufactures and supplies status indication components for electronics OEMs, together with niche industrial and automotive electronic components and highly efficient LED signalling solutions for the traffic and signals markets.

All revenue relates to the sale of goods. Segment gross profit is revenue less the costs of materials, labour, production and freight that are directly attributable to a segment. Overheads comprise operations management, selling costs plus corporate costs, which include share-based payments. There are no individual customers representing more than 10% of revenue and there is no inter-segment revenue.

2. Operating segments (continued)

Reporting segments

6 months ended 30 June 2018	**Lighting £'m**	**Signals and Components £'m**	**Total £'m**
Revenue	**59.3**	**20.8**	**80.1**
Gross Profit	**22.0**	**6.3**	**28.3**
Overhead costs	**(18.7)**	**(4.1)**	**(22.8)**
Segment operating profit	**3.3**	**2.2**	**5.5**
Unallocated expenses			**(2.6)**
Underlying operating profit			**2.9**
Non-underlying expenses			**-**
Operating profit			**2.9**
net financing expense			**(0.1)**
Profit before tax			**2.8**
Income tax expense			**(0.7)**
Profit for the period			**2.1**

Other segmental data			
Depreciation	**1.1**	**0.4**	**1.5**
Amortisation	**0.5**	**0.2**	**0.7**

6 months ended 30 June 2017	Lighting £'m	Signals and Components £'m	Total £'m
Revenue	72.4	20.3	92.7
Gross Profit	30.6	5.6	36.2
Overhead costs	(23.1)	(4.0)	(27.1)
Segment operating profit	7.5	1.6	9.1
Unallocated expenses			(2.6)
Underlying operating profit			6.5
Non-underlying expenses			(2.4)
Operating profit			4.1
Net financing expense			(0.1)
Profit before tax			4.0
Income tax expense			(1.4)
Profit for the period			2.6

Other segmental data			
Depreciation	1.3	0.4	1.7
Amortisation	0.8	0.1	0.9

2. Operating segments (continued)

Year ended 31 December 2017	Lighting £'m	Signals and Components £'m	Total £'m
Revenue	137.5	43.5	181.0
Gross Profit	54.3	12.4	66.7
Overhead costs	(43.1)	(8.5)	(51.6)
Segment operating profit	11.2	3.9	15.1
Unallocated expenses			(5.4)
Underlying operating profit			9.7
Non-underlying expense			(6.4)
Operating profit			3.3
Net financing expenses			(0.3)
Profit before tax			3.0
Income tax expense			(1.3)
Profit after Tax			1.7
Other segmental data			
Depreciation	1.8	0.6	2.4
Amortisation	1.1	0.4	1.5
Impairment losses on intangible asset write-down	1.1	0.1	1.2
Impairment losses on tangible asset write-down	0.9	-	0.9

Geographical segments

The Lighting, Signals and Components segments are managed on a worldwide basis, but operate in three principal geographic areas, North America, EMEA and Rest of World. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods. All revenue relates to the sale of goods.

Sales revenue by geographical market

	6 months ended 30 June 2018 £'m	6 months ended 30 June 2017 £'m	12 months ended 31 December 2017 £'m
North America	**58.3**	69.9	136.0
EMEA	**10.3**	10.3	21.2
Rest of World	**11.5**	12.5	23.8
Consolidated revenue	**80.1**	92.7	181.0

3. Non-underlying items

The Group incurs costs and earns income that is non-underlying in nature or that is otherwise considered to not be reflective of the underlying performance of the business. In the assessment of performance of the Group in prior periods, management examined underlying performance, which removed the impact of non-underlying costs and income.

The table below presents the components of non-underlying profit or loss recorded within administrative expenses:

	6 months ended 30 June 2018 £'m	6 months ended 30 June 2017 £'m	12 months ended 31 December 2017 £'m
Intangible asset impairment	**-**	-	(1.2)
Tangible asset impairment and disposals	**-**	-	(0.9)
Production transfer and start up	**-**	(2.4)	(4.6)
Employee severance costs	**-**	-	0.3
Non-underlying costs recorded in administrative expenses	**-**	(2.4)	(6.4)

In the prior year, non-underlying costs related to the transfer of lighting assembly to our manufacturing partner. The costs were for set up costs, project management and dedicated engineering time. There are no further transfer costs being incurred, all accrued redundancy costs have been utilised in the period against terminations related to the project.

4. Net financing expense

	6 months ended 30 June 2018 £'m	6 months ended 30 June 2017 £'m	12 months ended 31 December 2017 £'m
Net interest on net defined benefit liability	**-**	-	(0.2)
Interest expense on financial liabilities	**(0.1)**	(0.1)	(0.1)
Net financing (expense) / income	**(0.1)**	(0.1)	(0.3)

5. Income tax expense

The tax charge of £0.7m for the half year to 30 June 2018 reflects the anticipated effective tax rate of 25.0% for the year ending 31 December 2018. The effective tax rate is higher than the current UK tax rate of 19.0% due to the level of Group profits in the higher tax rate jurisdiction which range from effective tax rates of 23.0% to 30.0%. The effective tax rate charge for the period ended 30 June 2017 was 35.3% and for the year ended 31 December 2017 was 43.0%.

6. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2018 was based on a profit for the period of £2.1m (2017: £2.6m) and a weighted average number of ordinary shares outstanding during the six months ended 30 June 2018 of 32,521,179 (2017: 32,511,298).

Weighted average number of ordinary shares

	6 months ended 30 June 2018 Number '000	6 months ended 30 June 2017 Number '000	Year ended 31 December 2017 Number '000
Weighted average number of shares	**32,521**	32,511	32,510
Dilutive effect of share options	**616**	589	505
Diluted weighted average number of shares	**33,137**	33,100	33,015

Underlying earnings per share are highlighted below as the Directors consider that this measurement of earnings gives valuable information on the performance of the Group.

	6 months ended 30 June 2018 Per share	6 months ended 30 June 2017 Per share	12 months ended 31 December 2017 Per share
Basic earnings	**6.4p**	8.0p	4.8p
Underlying basic earnings*	**6.4p**	12.8p	17.9p
Diluted earnings	**6.2p**	7.9p	4.8p
Underlying diluted earnings*	**6.2p**	12.5p	17.6p

* Underlying earnings excludes non-underlying items as explained in note 3 and allocates tax at the appropriate rate (see note 5)

7. Dividends

There were no dividends declared or paid in the 12 months ended 31 December 2017. The Directors have not declared an interim dividend for 2018 (2017: nil).

8. Debt facilities

On 12 December 2016, the Company signed a 5-year unsecured £25m multi-currency Revolving Credit Facility with HSBC Bank plc. Under the terms of the facility, the Group also has a £25m "accordion" facility, by which further facilities may be made available by HSBC under the current terms to support significant investment opportunities that may arise. At 30 June 2018, there were no borrowings against the facility.

9. Principal exchange rates

	6 months ended 30 June 2018	6 months ended 30 June 2017	12 months ended 31 December 2017
Average for the period			
US dollar	**1.38**	1.26	1.29
Canadian Dollar	**1.76**	1.68	1.67
Euro	**1.14**	1.16	1.14
Mexican Peso	**26.19**	24.42	24.33

	30 June 2018	30 June 2017	31 December 2017
Spot rate			
US dollar	**1.32**	1.30	1.35
Canadian	**1.76**	1.69	1.69
Euro	**1.13**	1.14	1.13
Mexican Peso	**26.38**	23.07	26.55

10. Related party transactions

There have been no changes in the nature of related party transactions to those described in the 2017 Annual Report that could have a material effect on the financial position or performance of the Group in the period to 30 June 2018.

11. Principal risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group for the next six months of 2018 remain as listed on pages 34 to 37 of the Annual Report for the year ended 31st December 2017 (which can be found at www.dialight.com). We have expanded the "Supply chain management" risk, described below to include the risks associated with the procurement planning process and the inability to source key raw materials and components required to manufacture our products. A summary of the principal risks and uncertainties is set out below:

- **Production capacity** – Dialight needs to ensure that it has sufficient production capacity to fulfill customer orders in a timely manner and to be scalable to support growth. Insufficient capacity results in an inability to fulfill orders
- **Supply chain management** – The procurement planning process is dependent on the accuracy of sales forecast to ensure adequacy of component supply. The inability to source key raw materials and components required for the manufacture of our products could impact our ability to manufacture products and satisfy customer orders. Inaccuracy in forecasting could also lead to higher inventory obsolescence.
- The procurement planning process is dependent on the accuracy of sales forecast to ensure adequacy of component supply. Inaccuracy in forecasting could lead to higher inventory obsolescence
- **IT systems** – The Group uses IT systems to operate and control its businesses: any disruption would lead to an adverse impact on the business
- **Political conditions** – The Group's main manufacturing plant is in Mexico and its main market is in North America. Proposed import tariffs could impact the Group. "Brexit" has introduced uncertainty to the level of tariffs in goods imported from Europe
- **Succession planning and staff caliber** – The Groups performance is dependent on attracting and retaining high quality of staff
- **Intellectual property** – Theft or violation of intellectual property or third parties taking legal action for infringements will have an adverse impact on the Group
- **Market trend and competition** – The Group must be able to identify customer demands and ensure its product portfolio match their requirements
- **Product development strategy** – The Group needs to ensure it can deliver new products to the market in a timely manner
- **Product recall** – The Group gives a ten year warranty on its Lighting products
- **Foreign exchange** – This is the most significant treasury risk and in times of currency volatility it can have a material impact on the performance of the Group.

The identification of risks and opportunities, the development of action plans to manage the risks and maximise the opportunities, and the continual monitoring of progress against agreed key performance indicators (KPIs) are integral parts of the business process and core activities throughout the Group.

These will continue to be evaluated, monitored and managed through the remainder of 2018.

Directors 'responsibilities

The Interim Report complies with the Disclosure and Transparency Rules (DTR) of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report. The Interim Management Report is the responsibility of, and has been approved by, the directors.

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34;
- the Interim Management Report includes a fair review of the important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year, as required by DTR 4.2.7R;
- the Interim Management Report includes a fair review of disclosure of related party transactions and changes therein, as required by DTR 4.2.8R; and
- the directors have permitted the auditor to undertake whatever inspections it considers to be appropriate for the purpose of enabling the auditor to conduct its review

On behalf of the Board

Martin L Rapp

Chief Executive Officer

Fariyal Khanbabi

Group Finance Director

The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS).

International Accounting Standard 34 (IAS 34), defines the minimum content of an interim financial report, including disclosures, and identifies the accounting recognition and measurement principles that should be applied to an interim financial report.

Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent review report to Dialight Plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the Condensed consolidated income statement, Condensed consolidated statement of comprehensive income, the Condensed consolidated statement of changes in equity, the Condensed consolidated statement of financial position, the Condensed consolidated statement of cash flows and the related explanatory notes and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. .

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1 the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Graham Neale
Senior Statutory Auditor
for and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
30 July 2018

About Dialight

Dialight (LSE: DIA.L) is a global leader in sustainable LED lighting for industrial applications. Dialight's LED products are providing the next generation of lighting solutions that deliver reduced energy consumption and create a safer working environment. Our products are specifically designed to provide superior operational performance, reliability and durability, reducing energy consumption and ongoing maintenance and achieving a rapid return on investment.

The company is headquartered in the UK with operations in the USA, UK, Denmark, Germany, Malaysia, Singapore, Australia, Mexico and Brazil. www.dialight.com.

Cautionary statement

This announcement contains certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans and objectives for the management of future operations of Dialight plc and its subsidiaries is not warranted or guaranteed. These statements typically contain words such as 'intends', 'expects', 'anticipated', 'estimates' and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although Dialight plc believes that the expectations will prove to be correct. There are a number of factors, many of which are beyond the control of Dialight plc, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.