

**H C Slingsby plc (“Slingsby” or “the Company”)
Report for the half year ended 30 June 2018**

Statement by the Chairman

Trading

In my trading update of 19 June 2018, I reported that Group sales were 1% lower than prior year, overheads were increased and so performance was marginally lower in the five months to 31 May 2018. Lower levels of order intake during June 2018 led us to be cautious on the outlook for the results for the six months to 30 June 2018.

Group sales in the six months to 30 June 2018 were 2% below prior year resulting in a profit before tax of £76,000 compared to a prior year profit before tax of £123,000. The reduction in sales was mainly due to large orders delivered in the first half of 2017 not recurring in 2018.

We are pleased that the Group has sustained the profitable trading performance from 2017 (prior to the non-cash asset impairment). We do however remain cautious regarding the outlook due to the volatility that we have experienced in the recent past and the competitive nature of the marketplace.

Balance sheet

Group net assets have increased to £1.8m at 30 June 2018 from £0.4m at 31 December 2017. This is mostly due to a reduction in the liability relating to the defined benefit pension scheme from £8.6m to £7.2m despite the Company having not paid any deficit reduction contributions in the period. The retirement benefit obligation decreased during the six months to 30 June 2018 as a result of changes in assumptions regarding interest rates and inflation although this was offset by a reduction in the level of pension scheme assets.

We remain in discussion with the trustees of the Company Pension Scheme and the relevant authorities regarding a long term solution to the pension scheme deficit and continue to pay the running costs previously agreed with the trustees. Until these discussions regarding the defined benefit pension scheme are concluded, the quantum and timing of future deficit reduction payments in this regard are uncertain.

Cashflow

The Group had net debt of £1.24m at 30 June 2018 (£1.65m at 30 June 2017) which represents an improvement from the position at 31 December 2017 of £1.58m. The Group continues to operate within its existing banking facilities and the Directors continue to believe that the Group has additional funding options available should the need arise.

Dividend

The Board has decided not to declare an interim dividend.

People

The sustained profitable trading performance is the result of the continued hard work by all our employees across the Group whom I would like to thank.

Dominic Slingsby
Interim Executive Chairman and Operations Director

7 August 2018

For further information please contact:

H C Slingsby plc

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Unaudited Condensed Consolidated Income Statement for the half year ended 30 June 2018

	Note	Half year ended 30/06/18 (Unaudited) £'000	Half year ended 30/06/17 (Unaudited) £'000	Year ended 31/12/17 (Audited) £'000
Revenue		9,725	9,936	19,240
Operating profit before exceptional items		210	291	557
Exceptional items	2	-	-	(1,221)
Operating profit/(loss)		210	291	(664)
Finance costs		(134)	(168)	(331)
Profit/(Loss) before taxation		76	123	(995)
Taxation	3	8	(6)	(62)
Profit/(Loss) for the period attributable to equity shareholders		84	117	(1,057)
Basic and diluted profit/(loss) per share		8.4p	11.7p	(105.7p)

The results set out above derive entirely from continuing operations.

The above unaudited condensed consolidated income statement should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Comprehensive Income and Expense for the half year ended 30 June 2018

	Half year ended 30/06/18 (Unaudited) £'000	Half year ended 30/06/17 (Unaudited) £'000	Year ended 31/12/17 (Audited) £'000
Profit/(Loss) for the period	84	117	(1,057)
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	1,565	326	1,276
Movement in deferred tax relating to retirement benefit obligation	(266)	(152)	(246)
Items that may be subsequently reclassified to profit or loss			
Exchange adjustment	-	5	8
Other comprehensive income	1,299	179	1,038
Total comprehensive income/(expense) recognised for the period attributable to equity shareholders	1,383	296	(19)

The above unaudited consolidated statement of comprehensive income and expense should be read in conjunction with the accompanying notes.

Unaudited Consolidated Balance Sheet as at 30 June 2018

	30/06/18 (Unaudited) £'000	30/06/17 (Unaudited) £'000	31/12/17 (Audited) £'000
Assets			
Non-current assets			
Property, plant and equipment	4,469	5,753	4,472
Intangible assets	754	1,003	877
Goodwill	2,409	2,409	2,409
Deferred tax asset	1,221	1,604	1,464
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	8,853	10,769	9,222
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Current assets			
Inventories	1,803	1,830	1,823
Trade and other receivables	2,906	2,618	2,376
Cash and cash equivalents	1,390	1,012	996
Current tax asset	-	21	-
Derivative financial asset	26	3	-
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	6,125	5,484	5,195
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Liabilities			
Current liabilities			
Trade and other payables	(3,006)	(2,938)	(2,389)
Bank borrowings	(2,629)	(2,662)	(2,575)
Finance lease obligations	(3)	(44)	(30)
Derivative financial instruments	-	-	(7)
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	(5,638)	(5,644)	(5,001)
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Net current assets / (liabilities)	487	(160)	194
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Non-current liabilities			
Retirement benefit obligation	(7,153)	(9,430)	(8,610)
Finance lease obligations	-	(15)	(7)
Deferred tax liabilities	(420)	(465)	(415)
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Net assets	1,767	699	384
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Capital and reserves			
Share capital	250	250	250
Retained earnings	1,517	422	134
Translation reserve	-	27	-
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Total equity	1,767	699	384
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The above unaudited consolidated balance sheet should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Changes in Shareholders' Equity

	Share Capital £'000	Retained earnings £'000	Translation reserve £'000	Total equity £'000
At 1 January 2017	250	131	22	403
Total comprehensive income recognised for the period	-	291	5	296
At 30 June 2017	250	422	27	699
At 1 January 2018	250	134	-	384
Total comprehensive income recognised for the period	-	1,383	-	1,383
At 30 June 2018	250	1,517	-	1,767

The above unaudited consolidated statement of changes in shareholders' equity should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Cash Flows for the half year ended 30 June 2018

	Note	Half year ended 30/06/18 (Unaudited) £'000	Half year ended 30/06/17 (Unaudited) £'000	Year ended 31/12/17 (Audited) £'000
Cash flows from operating activities				
Cash generated from operations	4	499	184	334
UK corporation tax received		-	4	25
Interest paid		(26)	(39)	(70)
Cash generated from operating activities		473	149	289
Cash flows from investing activities				
Purchase of property, plant and equipment		(115)	(33)	(88)
Purchase of intangible assets		-	(20)	(20)
Proceeds from sales of property, plant and equipment		16	2	9
Net cash outflow from investing activities		(99)	(51)	(99)
Cash flows from financing activities				
Capital element of finance lease repayments		(35)	(22)	(44)
Proceeds from borrowing		(7)	65	(39)
Net cash (used in)/generated from financing activities		(42)	43	(83)
Net increase in cash and cash equivalents		332	141	107
Opening cash and cash equivalents		(366)	(479)	(479)
Exchange differences		-	5	5
Closing cash and cash equivalents		(34)	(333)	(367)

The above unaudited consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Report for the half year ended 30 June 2018

1. Interim Financial Information

The unaudited condensed consolidated interim financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial statements, which are unaudited and have not been reviewed by the Company's auditors, have been prepared in accordance with the policies set out in the 2017 Annual Report and Accounts except that the company has adopted IAS 15 'Revenue from Contracts with Customers'. The comparative figures for the year ended 31 December 2017 do not constitute full financial statements and have been abridged from the full accounts for the year ended on that date, on which the auditors gave an unqualified report, which did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. The 2017 accounts have been delivered to the Registrar of Companies. The Company has chosen not to adopt IAS 34 'Interim Financial Statements'.

2. Exceptional items

	Half year ended 30/06/18 (Unaudited) £'000	Half year ended 30/06/17 (Unaudited) £'000	Year ended 31/12/17 (Audited) £'000
Asset impairment	-	-	1,221
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	-	-	1,221
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The asset impairment relates to the company's freehold property.

3. Taxation

	Half year ended 30/06/18 (Unaudited) £'000	Half year ended 30/06/17 (Unaudited) £'000	Year ended 31/12/17 (Audited) £'000
Current tax	10	(21)	40
Deferred tax	(18)	27	22
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	(8)	6	62
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The effective tax rate is nil.

4. Cash generated from operations

	Half year ended 30/06/17 (Unaudited) £'000	Half year ended 30/06/16 (Unaudited) £'000	Year ended 31/12/16 (Audited) £'000
Profit/(Loss) before tax	76	123	(995)
Net finance costs	134	168	331
Depreciation and amortisation	230	243	480
Asset impairment	-	-	1,221
Profit on sale of property, plant and equipment	(3)	(2)	(4)
Pension deficit contributions	-	-	-
Decrease/(Increase) in inventories	20	(19)	(12)
(Increase)/Decrease in trade and other receivables	(555)	(101)	143
Increase/(Decrease) in trade and other payables	597	(228)	(830)
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Cash generated from operating activities	499	184	334
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5. Availability of Interim Report

The Interim Report will be available on the Company's website www.slingsby.com.