



**CONDENSED CONSOLIDATED INTERIM REPORT
FOR THE PERIOD
20 FEBRUARY 2018 TO 30 SEPTEMBER 2018**

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Chairman's statement

As set out at the time of listing, the Group exists to 'Acquire, Develop and Sell' industrial businesses, with the key objective of creating value for shareholders. The listing, which raised £8.9 million, was an important milestone for Stirling, creating a platform for M&A in the mid-market industrials sector and providing the Group with efficient access to investment capital to fund acquisitions.

In the first half, the Board and management team have made strong progress in actively identifying and evaluating appropriate acquisition opportunities across the UK, European and US industrials markets. All these opportunities have strong fundamentals but are not fulfilling their true potential. With significant UK and overseas experience, Stirling's management team has the expertise to identify and acquire such businesses, and the vision and skill to achieve sustainable improvements and significant long-term growth.

Whilst the Board acknowledges the recent change in market sentiment amongst some with regard to economic conditions, we remain optimistic about a number of current opportunities and believes that Stirling is well-positioned to implement its strategy in the near term and create superior value for shareholders.

Robin Williams
Chairman
15 November 2018

Chief Executive's review

Building on the momentum generated by the Group's listing on AIM in March, our first six months as a listed business have been spent strengthening our networks across industry, investors, financial advisers and other intermediaries which have yielded a number of target acquisition opportunities where our strategy can create value.

Stirling Industries was established in 2017 and listed this year to acquire companies or businesses where it can implement strategic, operational and performance improvements using a permanent capital base to raise funds, build acquisitions through the cycle of ownership and create long-term and sustainable value for shareholders.

In line with the investment policy set out in our Admission Document, acquisition targets are industrial businesses in the building materials, engineering and manufacturing sectors operating in the UK, Europe and US with strong fundamentals and enterprise values between £50 million and £750 million.

For vendors, Stirling offers efficient and expert transactional execution capabilities, a committed founding shareholder base, (which includes the leadership team) who are expected to support significant acquisitions and the ability to retain a minority post-sale stake.

The Group's values-driven approach ensures investment in the long-term potential of the business's people, assets and markets. Stirling empowers management teams and employees, giving them the right incentives to perform, sustainably growing their business to deliver long-term value.

In the six months to 30 September 2018, Stirling has identified a number of possible acquisition opportunities and engaged in constructive discussions with intermediaries and potential targets. The £8.4 million net proceeds of the Placing earlier this year have been partially utilised to fund operating expenses and due diligence in relation to potential acquisition opportunities. We remain disciplined in our approach to incurring expenditure on potential acquisitions and whilst we have yet to conclude a transaction, we are confident of our ability to deliver our first acquisition in the near term, as detailed discussions continue with prospective vendors.

Blair Illingworth
Chief Executive
15 November 2018

Financial review

Turnover for the period was nil and will remain so until an acquisition is completed.

The loss before interest and income tax for the period was £1.1 million, which includes £0.3 million of deal related costs on active processes. The resulting loss before income tax of £1.1 million equates to a loss per ordinary share of 1.21 pence.

In addition, the Group incurred fees of £0.5 million relating to its original admission to AIM on 6 March 2018. These costs have been offset against the share premium account for the ordinary share listing.

As at 30 September, the Group's cash or cash equivalents balances totalled £7.7 million.

Dividend Policy

As previously stated on listing, the Group's Directors are committed to a dividend policy that will include regular annual dividends (following completion of an acquisition). However, this will depend on the nature of its acquisition(s), following which, the Directors will review the Group's dividend policy to ensure that it maintains an appropriate level of dividend cover and that sufficient funds are retained to finance the development of the Group's activities.

Outlook

We remain confident of delivering on our strategy in the near term.

Joanne Curin
Chief Financial Officer
15 November 2018

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the Period 20
FEBRUARY 2018 TO 30 SEPTEMBER 2018**

	Note	Period 20 Feb 18 to 30 Sep 18 £
CONTINUING OPERATIONS		
Administrative expenses		(982,238)
Other operating expenses		(120,592)
Finance income	3	<u>27,089</u>
LOSS BEFORE INCOME TAX		<u>(1,075,741)</u>
Income tax		-
LOSS FOR THE PERIOD		<u>(1,075,741)</u>
Earnings per share expressed in pence per share:		
Basic and diluted	4	<u>(1.21)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 SEPTEMBER 2018

	Note	30 Sep 18 £	19 Feb 18 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,927	-
		<u>11,927</u>	<u>-</u>
CURRENT ASSETS			
Trade and other receivables	6	113,021	-
Money Market Investments	7	4,013,064	-
Cash and cash equivalents	8	3,693,362	3
		<u>7,819,447</u>	<u>3</u>
		<u>7,831,374</u>	<u>3</u>
TOTAL ASSETS			
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	9	89,310	3
Share premium		8,326,835	-
Retained earnings		(1,075,741)	-
TOTAL EQUITY		<u>7,340,404</u>	<u>3</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	490,970	-
TOTAL LIABILITIES		<u>490,970</u>	<u>-</u>
TOTAL EQUITY AND LIABILITIES		<u>7,831,374</u>	<u>3</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the Period 20
FEBRUARY 2018 TO 30 SEPTEMBER 2018**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Changes in equity				
Issue of share capital	3	-	-	3
Balance at 19 February 2018	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
Changes in equity				
Issue of ordinary share capital	89,307	-	8,326,835	8,416,142
Total comprehensive loss	-	(1,075,741)	-	(1,075,741)
Balance at 30 September 2018	<u>89,310</u>	<u>(1,075,741)</u>	<u>8,326,835</u>	<u>7,340,404</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the Period 20 FEBRUARY
2018 TO 30 SEPTEMBER 2018**

	Note	Period 20 Feb 18 to 30 Sep 18 £
Cash flows from operating activities		
Cash absorbed by operations	1	<u>(722,731)</u>
Net cash absorbed by operating activities		<u>(722,731)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets		(14,077)
Money Market Investments		(4,000,000)
Interest received		14,025
Net cash outflow from investing activities		<u>(4,000,052)</u>
Cash flows from financing activities		
Share issue		<u>8,930,997</u>
		8,930,997
Share issue costs		<u>(514,855)</u>
		(514,855)
Net cash from financing activities		<u>8,416,142</u>
Increase in cash and cash equivalents		3,693,359
Cash and cash equivalents at beginning of period	2	<u>3</u>
Cash and cash equivalents at end of period		<u>3,693,362</u>

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the Period 20 FEBRUARY 2018 TO 30 SEPTEMBER 2018**1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH ABSORBED BY OPERATIONS**

	Period 20 Feb 18 to 30 Sep 18 £
Loss before income tax	(1,075,741)
Depreciation charges	2,150
Finance income received	(14,025)
Finance income receivable	(13,064)
	<u>(1,100,680)</u>
Increase in trade and other receivables	(113,021)
Increase in trade and other payables	490,970
Cash absorbed by operations	<u>(722,731)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	£
Period ended 30 September 2018	
Cash and cash equivalents	<u>3,693,362</u>
Period ended 19 February 2018	
Cash and cash equivalents	<u>3</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the Period 20 FEBRUARY 2018 TO 30 SEPTEMBER 2018

1. STATUTORY INFORMATION

Stirling Industries Plc is a public limited Group, registered in England and Wales. The Group's registered number and registered office address can be found on the Group's website. Stirling Industries Plc was incorporated on 13 February 2018 and has set its accounting date as 31 March.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation

The Group is a public limited Group incorporated in England and Wales and domiciled in the UK. The address of its registered office is 29 Farm Street, London, W1J 5RL. The Group is listed on the Alternative Investment Market ('AIM') in London. The Group has issued 9,200 incentive shares at a subscription price of £2.

These interim condensed consolidated financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. This condensed half year financial information has not been audited.

This condensed consolidated half year financial information for the interim period to 30 September 2018 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim financial reporting" as adopted by the European Union.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The interim condensed consolidated financial statements have been prepared on a going concern basis.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures and Fittings	33.33%
Computer Equipment	33.33%

Depreciation is charged from the date of purchase.

Financial instruments

Financial instruments are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including creditors, and loans from fellow group companies are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are initially recognised at transaction price.

Investments

Investments in subsidiaries are recorded at cost less any impairment. Money market investments are recognised at fair value.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Employee benefit costs

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the income statement in the period to which they relate.

3. NET FINANCE INCOME

	Period 20 Feb 18 to 30 Sep 18 £
Finance income:	
Deposit account interest	27,089

4. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

	Earnings £	Weighted average number of shares	Per-share amount (p)
Basic and diluted EPS			
Adjusted earnings	(1,075,741)	88,810,003	(1.21)

5. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £	Computer equipment	Totals £
COST			
Additions	1,216	12,861	14,077
At 30 September 2018	<u>1,216</u>	<u>12,861</u>	<u>14,077</u>
DEPRECIATION			
Charge for period	(52)	(2,098)	(2,150)
At 30 September 2018	<u>(52)</u>	<u>(2,098)</u>	<u>(2,150)</u>
NET BOOK VALUE			
At 30 September 2018	<u>1,164</u>	<u>10,763</u>	<u>11,927</u>

6. TRADE AND OTHER RECEIVABLES

	30 Sep 18 £
Current:	
Amounts owed by group undertakings	-
Other debtors	10,300
VAT	51,459
Prepayments	51,262
	<u>113,021</u>

7. INVESTMENTS

	30 Sep 18 £
Money Market Investments	<u>4,013,064</u>

8. CASH AND CASH EQUIVALENTS

	30 Sep 18 £
Deposit account	3,414,025
Current accounts	279,337
	<u>3,693,362</u>

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	30 Sep 18 £	19 Feb 18 £
8,931,003	Ordinary Shares	0.01	89,310	3
			89,310	3

The following fully paid shares were allotted during the period at a premium as shown below:

8,931,000 Ordinary Shares of £0.01 each at 0.99 per share

9,200 Incentive Shares of £1 each at 0.621739 per share

	Share premium £
At 19/2/18	-
Premium on shares issued	8,841,690
Cost of share issue	(514,855)
At 30/9/18	8,326,835

Ordinary Shares

The ordinary shares entitle the holder to full rights in respect of voting and shall entitle to holder to full participation in respect of the equity in the event of winding up the Group.

Incentive Shares

On 27 February 2018, the Group issued 9,200 incentive shares of £1.00 each in the capital of the Group pursuant to awards made under The Stirling Industries Plc Long-Term Incentive Scheme, at a subscription price of £2:

Holder	Number of shares	Subscription price £
Blair Illingworth	4,000	8,000
Simon Thomas	2,000	4,000
Joanne Curin	2,000	4,000
Robin Williams	800	1,600
Christopher Dowling	400	800
Total	9,200	18,400

This scheme was put in place to reward participants for any increase in shareholder value over a four-year period from the date of completion of the Group's first acquisition. The potential reward will be in the form of new shares (subject to dilution limits) equal to 10% of the difference between actual amounts invested (increased by RPI +2% p.a.) and market value at vesting, after adjustment for dividends paid and distributions.

10. TRADE AND OTHER PAYABLES

	30 Sep 18
	£
Current:	
Trade payables	175,891
Social security and other taxes	33,933
Pension	296
Incentive Shares	18,400
Other payables	<u>262,450</u>
	<u>490,970</u>

11. SUBSIDIARIES

Stirling Group Holdings Limited is a 100% subsidiary of Stirling Industries Plc.