

For immediate release:

Southbank UK plc (“Southbank” or the “Company”)

Southbank UK plc – Unaudited interim results for the six months ended 30 June 2009

Southbank UK plc, the specialist engineering group, today announces its interim results for the six month period ended 30 June 2009. The results include the contribution from its operating subsidiary, Hayward Tyler Group Limited (“Hayward Tyler”), a market leader in the manufacture and service of critical application pumps and motors to the power generation and oil and gas markets.

Chairman’s statement

For the six month period under review, I am pleased to report the following highlights:

- Group revenues up 43% to £19.8m (2008: £13.8m) driven by the growth in Hayward Tyler’s UK and US Services business;
- Hayward Tyler order book at £34.6m (£38.5m at 30 June 2008);
- Gross profit up 53% to £4.4m (2008: £2.9m);
- EBITDA (before exceptionals) at £0.9m (2008: loss of £0.1m);
- Operating profit (before exceptionals) at £0.6m (2008: loss of £0.4m);
- Renegotiation of the Company’s banking agreements completed.

Against a background of turbulence in the financial markets and the tightening of credit across the industry, I am pleased to report that your Group has continued to make strong underlying progress in its core business areas having re-structured our facilities with the Company’s main banking provider – Lloyds Banking Group in April. The restructuring and renegotiation took a considerable amount of time and management effort and I would like to particularly thank the management team for their perseverance and hard work. The pressures imposed on companies such as ours have been unprecedented and unfortunately we have suffered a knock-on impact in terms of reduced credit facilities, worsening credit terms, withdrawn credit insurance and a general squeeze on working capital availability. This has had a negative impact on the Group’s cash balances and the net asset position, both areas we are taking steps to address and which I will comment on later.

Despite this tightening of liquidity the Hayward Tyler management team in their first full year of operation continue to make progress in terms of underlying business improvements, the benefits of which have already started to flow through into the figures highlighted above.

In particular, key areas of growth within the operating business in the period have been in the Services division where Hayward Tyler’s US operations has grown significantly and continues to expand in the nuclear and ‘cleaner’ energy markets. In the UK an additional Services Sales facility was opened in Aberdeen to focus on Hayward Tyler’s installed equipment in the North Sea and UK Services also won a significant order to maintain and supply new gate valves for the London Ring main.

In the Manufacturing division, steady progress was seen with the shipping of a number of topside oil and gas related legacy projects which have now freed up the manufacturing facilities to focus on the production of power generation related units for the remainder of the year. In terms of new business Hayward Tyler secured an additional contract for a new deep sea submersible motor with General Electric and an order worth in excess of £3.1m over the next 15 months for 12 boiler circulating pumps in India.

As a result, for the first time in two years, the Group has recorded an operating profit before exceptional items in the half year with a swing of almost £1m over the same period last year.

However, the exceptional items were significant in the period and mainly comprised £1.0m from the impact of foreign exchange. These items therefore led the business to a loss of £1.2m on ordinary activities before taxation for the period – a marginal improvement of £0.1m on the loss for the same period last year.

That said, the Southbank and Hayward Tyler management have taken further steps in the area of currency management to ensure that such exceptional items can be better contained going forward.

Likewise, as announced on 28 April, your Board remains highly focused on initiatives to further strengthen the Group's balance sheet as we believe the business has demonstrated a core strength to grow revenues despite some of the worst trading conditions in living memory. As market conditions ease, we therefore wish to be best positioned to take advantage of these changes. Your board anticipates making further announcements in this regard in due course.

John May
Chairman
16 September 2009

SOUTHBANK UK PLC

CONSOLIDATED SUMMARISED PROFIT AND LOSS ACCOUNT

	Unaudited 6 months to June 2009 £'000	Unaudited 6 months to June 2008 £'000	Audited 12 months to December 2008 £'000
Turnover	19,847	13,842	30,227
Cost of sales	<u>(15,406)</u>	<u>(10,936)</u>	<u>(25,018)</u>
Gross profit	4,441	2,906	5,209
Operating charges – before exceptionals	<u>(3,872)</u>	<u>(3,280)</u>	<u>(7,127)</u>
Operating profit/(loss) – before exceptionals	569	(374)	(1,918)
Exceptional items	<u>(1,181)</u>	<u>(556)</u>	<u>(276)</u>
Operating loss	<u>(612)</u>	<u>(930)</u>	<u>(2,194)</u>
Interest receivable	-	79	196
Interest paid	<u>(581)</u>	<u>(435)</u>	<u>(1,158)</u>
Loss on ordinary activities before taxation	<u>(1,193)</u>	<u>(1,286)</u>	<u>(3,156)</u>
Tax on profit on ordinary activities	<u>(695)</u>	<u>(285)</u>	<u>(783)</u>
Loss on ordinary activities after taxation	<u>(1,888)</u>	<u>(1,571)</u>	<u>(3,939)</u>
Loss per share			
- basic	<u>(0.244)</u>	<u>(0.203)</u>	<u>(0.508)</u>
- diluted	<u>(0.244)</u>	<u>(0.203)</u>	<u>(0.508)</u>

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CONSOLIDATED SUMMARISED BALANCE SHEET

	Unaudited As at 30 June 2009 £'000	Unaudited As at 30 June 2008 £'000	Audited As at 31 December 2008 £'000
Fixed assets			
Intangible assets	4,082	3,935	4,311
Tangible assets	10,269	11,231	10,341
Investments	150	150	150
	<u>14,501</u>	<u>15,316</u>	<u>14,802</u>
Current assets			
Stocks	5,298	3,289	6,958
Debtors	7,538	5,792	8,230
Cash at bank and in hand	15	181	989
	<u>12,851</u>	<u>9,262</u>	<u>16,177</u>
Creditors: amounts falling due within one year	<u>(16,393)</u>	<u>(8,444)</u>	<u>(17,718)</u>
Net current (liabilities)/assets	<u>(3,542)</u>	<u>818</u>	<u>(1,541)</u>
Total assets less current liabilities	10,959	16,134	13,261
Creditors: amounts falling due after more than one year	(9,900)	(10,043)	(10,010)
Pension deficit	(482)	(702)	(482)
	<u>(10,382)</u>	<u>(10,745)</u>	<u>(10,492)</u>
Net assets	<u>577</u>	<u>5,389</u>	<u>2,769</u>
Capital and reserves			
Called-up equity share capital	155	155	155
Share premium account	5,531	5,531	5,531
Other reserves	-	1,100	-
Profit and loss account	(5,109)	(1,397)	(2,917)
Shareholders' funds	<u>577</u>	<u>5,389</u>	<u>2,769</u>

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CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited 6 months to June 2009 £'000	Unaudited 6 months to June 2008 £'000	Audited 12 months to December 2008 £'000
Net cash (outflow)/inflow from operating activities	2	(1,460)	(459)	973
Returns on investments and servicing of finance				
Interest received		-	79	196
Interest paid		(515)	(435)	(923)
Net cash outflow from returns on investments and servicing of finance		(515)	(356)	(727)
Taxation		(646)	(50)	(544)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(150)	(331)	(590)
Purchase of intangible assets		-	(69)	(582)
Net cash outflow from capital expenditure and financial investment		(150)	(400)	(1,172)
Acquisitions and disposals				
Acquisitions of businesses		(81)	(350)	(350)
Net cash outflow from acquisitions and disposals		(81)	(350)	(350)
Net cash outflow before financing		(2,852)	(1,615)	(1,820)
Financing				
Loan finance repaid		(147)	(424)	(245)
Capital repayment of finance leases		(22)	(81)	(48)
Net cash outflow from financing		(169)	(505)	(293)
Decrease in cash		(3,021)	(2,120)	(2,113)
Opening cash balance		(1,241)	872	872
Closing cash balance		(4,262)	(1,248)	(1,241)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Unaudited 6 months to June 2009 £'000	Unaudited 6 months to June 2008 £'000	Audited 12 months to December 2008 £'000
Loss for the financial period	(1,888)	(1,571)	(3,939)
Revaluation of property	-	-	(1,100)
Actuarial gain for the period on pension scheme	-	-	173
Deferred tax on actuarial movement on pension scheme	-	-	(48)
(Loss)/gain on translation of overseas subsidiary Reserves	(304)	2	725
Total recognised loss for the period	<u>(2,192)</u>	<u>(1,569)</u>	<u>(4,189)</u>
Total loss recognised since last annual report	<u>(2,192)</u>		

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Unaudited 6 months to June 2009 £'000	Unaudited 6 months to June 2008 £'000	Audited 12 months to December 2008 £'000
Loss for the period	(1,888)	(1,571)	(3,939)
Other recognised gains and losses	(304)	2	(250)
Net decrease in shareholders' funds	<u>(2,192)</u>	<u>(1,569)</u>	<u>(4,189)</u>
Shareholders' funds at start of period	<u>2,769</u>	<u>6,958</u>	<u>6,958</u>
Shareholders' funds at end of period	<u>577</u>	<u>5,389</u>	<u>2,769</u>

SOUTHBANK UK PLC

NOTES TO THE INTERIM REPORT

For the period ended 30 June 2009

1 BASIS OF PREPARATION

The principal accounting policies of the Group are set out in the Group's 2008 annual report and financial statements. The policies have remained unchanged from the previous annual report.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 December 2008, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

The interim financial information in this report has neither been audited nor reviewed by the Company's auditors.

2 NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Unaudited 6 months to June 2009 £'000	Unaudited 6 months to June 2008 £'000	Audited 12 months to December 2008 £'000
Operating loss	(612)	(930)	(2,194)
Pension contributions	-	-	(120)
Amortisation of goodwill and development costs	160	129	266
Depreciation	222	215	482
Foreign exchange differences	(304)	2	581
Decrease/(increase) in stock	1,660	338	(3,331)
Decrease/(increase) in debtors	692	1,604	(873)
(Decrease)/increase in creditors	(3,278)	(1,817)	6,162
Net cash (outflow)/inflow from operating activities	<u>(1,460)</u>	<u>(459)</u>	<u>973</u>

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NOTES TO THE INTERIM REPORT

For the period ended 30 June 2009

3 LOSS PER SHARE

Basic and diluted	Unaudited 6 months to June 2009 £'000	Unaudited 6 months to June 2008 £'000	Audited 12 months to December 2008 £'000
Loss on ordinary activities after taxation	(1,888)	(1,571)	(3,939)
Weighted average number of ordinary shares in issue	774,880,175	774,880,175	774,880,175
Basic loss per share	(0.244)	(0.203)	(0.508)
Dilutive effect of weighted average options	170,095,648	170,095,648	170,095,648
Total of weighted average shares together with dilutive effect of weighted options	944,975,823	944,975,823	944,975,823
Diluted loss per share (*)	(0.244)	(0.203)	(0.508)

* The effect of the options is anti-dilutive in all periods

4 EXCEPTIONAL ITEMS

Operating exceptional items comprise:

	Unaudited 6 months to June 2009 £'000	Unaudited 6 months to June 2008 £'000	Audited 12 months to December 2008 £'000
Pension costs to cover actuarial deficit	(76)	(60)	(120)
Financing fees	(60)	-	-
Impact of exchange	(1,045)	(387)	-
Warranty costs	-	(34)	-
Doubling of management costs as new starters employed before incumbents resigned	-	(75)	(156)
Total exceptional items for the period	<u>(1,181)</u>	<u>(556)</u>	<u>(276)</u>

The impact of exchange includes the cost of closing out foreign exchange hedges (£0.8m), as a result of a change in timing of a number of US Dollar denominated contracts, and unrealised losses on the revaluation of net current assets denominated in foreign currencies (£0.2m).

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NOTES TO THE INTERIM REPORT

For the period ended 30 June 2009

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Notes to Editor – Hayward Tyler

Established in 1815 in the UK, the Hayward Tyler Group manufactures and services a comprehensive range of Fluid Filled Electric Motors and Pumps, custom designed to meet the most demanding of applications and environments. Focused on the power generation (both conventional and nuclear) and oil & gas (sub-sea) markets, the company is a market leader in its chosen niches.

In addition to the head office in Luton, England, Hayward Tyler has manufacturing and service facilities located in China, India and USA, providing cover 24x7 for maintenance, overhaul and repair services.

Hayward Tyler is a wholly owned subsidiary of the specialist engineering group, Southbank UK Plc.

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