



FALKLAND ISLANDS
HOLDINGS PLC

INTERIM REPORT 2014



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Chairman's and Managing Director's Review

GROUP OVERVIEW FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2014

The Group is pleased to report satisfactory trading results for the six months to 30 September 2014, with revenues ahead by 5.8% and Underlying Profit Before Tax at £1.30million marginally down on last year's £1.37million.

An analysis by business is shown below:

Revenue

Six months ended 30 September	2014 £ million	2013 £ million	Change %
Falkland Islands Company	8.48	6.76	25.5%
Portsmouth Harbour Ferry	2.29	2.24	2.6%
Momart	7.47	8.24	-9.4%
Total	18.24	17.24	5.8%

Underlying Profit Before Tax

Six months ended 30 September	2014 £ million	2013 £ million	Change %
Falkland Islands Company	0.54	0.30	78.7%
Portsmouth Harbour Ferry	0.35	0.31	12.2%
Momart	0.41	0.76	-45.1%
Total	1.30	1.37	-4.9%

After taking account of non-trading items, amortisation of intangible assets and net financing costs, reported Profit Before Tax was lower by 0.8% at £1.23million (2013: £1.24million).

Diluted earnings per share (EPS) based on reported earnings were 7.5p (2013: 7.4p) and based on underlying earnings diluted EPS were 8.0p (2013: 8.1p).

The Board is proposing an unchanged interim dividend of 4.0p per share (2013: 4.0p per share) which will be paid on 23 January 2015 to shareholders on the register at the close of business on 12 December 2014.

At 30 September 2014, bank borrowings were £0.5million (31 March 2014: £1.0million), and the Group had cash balances of £4.1million (31 March 2014: £5.7million).

Operating Review

Falkland Islands Company (FIC)

Total revenue for FIC increased by 25.5% to £8.48million (2013: £6.76million), a record level as the company benefited from renewed economic growth in the Falklands resulting from a record illex squid catch at the start of the year and the forthcoming oil exploration campaign. Profit Before Tax and amortisation (“PBTa”) increased sharply to £0.54million, up 78.7% on the prior period (2013: £0.3million).

Total retail sales grew by 5% with revenue at FIC’s flagship West Store ahead by 11.8% helped by a new range of BHS clothing and strong electrical and grocery sales. Warehouse sales to other retailers in the Islands were lower by £0.2m (39%) as one significant customer switched to direct ordering from the UK. Disruption resulting from the redevelopment and expansion of the Home Builder store saw sales 20% lower ahead of re-opening in December 2014. However, sales at FIC’s furnishing store “Home Living” increased by 67% helped by new housing starts and government orders. Strengthening demand also saw improved margins and, together with the overall sales growth noted above, this reinforced the prominence of retailing activity as the major profit contributor within FIC.

The automotive business, Falklands 4x4, had a good first half with total sales ahead by 28% at £1.49million (2013: £1.16million) with 43 vehicle sales compared to 27 in the prior year. The auto servicing and repairs business also benefitted from the August combination with a leading local garage “Turbo Tim” and early results are encouraging.

Rental income from FIC’s property portfolio improved over the period as corporate lets increased as a result of the build up to the drilling planned for March 2015. Average occupancy increased to 91% compared to 80% in the prior year and rental yields also rose. As a result of the construction of 3 new properties FIC’s rental portfolio now comprises 39 units at 30 September 2014 with a net book value of £3.37million (2013: £2.96million).

FIC’s construction business made good progress recording a first half profit compared to a small loss in the first half last year. The building of kit homes for first time buyers on government plots was an important factor with the completion and sale of five properties. The Company also benefited from subcontracted work related to the construction of a new temporary dock in Stanley Harbour for the drilling campaign in 2015.

SAtCO, the construction Joint Venture with Trant Engineering, enjoyed an encouraging first half benefitting from construction contracts undertaken for oil companies and the Falklands Government. FIC’s 50% share produced an after tax contribution of £77,000 (2013 Nil).

The Fishing Agency had another strong trading period as a result of a record illex catch, the best since the start of the current Fishery in the late 1980’s. The Group’s insurance brokerage business also continued to make progress. Revenue from southbound third party freight increased by 51% but was largely offset by a fall in the northbound cargoes seen last year at the end of the previous drilling round.

During the period, work progressed on key capital projects with the completion of the refurbishment of FIC’s iconic Crozier Place offices in the heart of Stanley and substantial

completion of a much enlarged Home Builder builders merchant and lifestyle store. Also 10 new mobile homes were installed on government land to ease staff accommodation problems. Further work upgrading Falklands 4x4 facilities was undertaken and good progress was also made on the construction of a new modern warehouse and chiller facilities on the outskirts of Stanley for FIC's retail business. In total, capital expenditure increased by 77% to £1.26million (2013: £0.71million).

FIC's management team in the Islands was strengthened with the appointment of new Construction and Retail directors and by further expansion of the middle management team. Overall staff numbers (full time equivalent) increased to an average of 168 compared to 130 in the prior period. At the end of September, FIC's headcount had expanded to over 185 of whom 80% are involved in retailing and construction. On 1 November 2014 a leading local businessman and former Member of the Falklands Legislative Assembly, Dick Sawle, was appointed as non-executive Chairman of FIC to further strengthen the team.

Activity in the Falklands is expected to remain buoyant for the remainder of the financial year with demand expected to stay strong at least until the 2015 drilling programme is completed.

Portsmouth Harbour Ferry Company

PHFC continued to trade satisfactorily with revenues ahead by 2.6% to £2.29million (2013: £2.24million) and profitability after the allocation of Group overheads and financing charges (PBTa), improved to £0.35million (2013: £0.31million).

Passenger numbers saw a welcome increase in the early part of the period but were impacted over the summer holiday period by the introduction of a heavily subsidised "Park & Ride" scheme by Portsmouth Council which offered commuters and shoppers a combined bus and car parking ticket for only £2. Despite this adverse development, and 900 job losses in Portsmouth announced by BAE Systems, passenger volumes declined by only 2% over the six month period compared to 2013.

Above inflation fare increases of 5-6% were introduced in June 2014 to help finance the cost of PHFC's new ferry vessel, "Harbour Spirit" which is nearing completion in Pula, Croatia. The vessel is scheduled for launch in late November with sea trials followed by delivery by ship carrier to the UK in early 2015; the total cost of £3.2million will be largely financed by a 10 year boat loan. This will mean PHFC will have three modern vessels and Harbour Spirit's arrival will complete the vessel modernisation programme for the foreseeable future.

In June 2014, daily adult return fares were increased to £3.10 from £2.90 with commuter 10 trip tickets moving to £14.50 (or £2.90 per return trip). In addition special discounted weekend and family tickets were introduced to help drive volumes. Discounted fares were also introduced for serving military personnel and, in August, PHFC was the first non-bus company to join the new electronic multi modal travel card scheme for South Hampshire, "Solent Go". Initial uptake has been modest, however as other transport providers join the scheme, Solent Go is expected to help drive volumes over the medium term. Focussed local advertising was undertaken on buses and bus shelters in order to market these promotional schemes.

Although the closure of BAE shipbuilding activities in Portsmouth was unwelcome, plans for substantial development and expansion of the Portsmouth Naval Base by the end of the decade offer the prospect of a more positive local backdrop for medium term growth in passenger numbers.

Momart

As anticipated, activity at Momart reverted to more normal levels with revenues of £7.47million down 9.4% on the prior year (2013 £8.24million) following an exceptional year in 2013/14.

As expected, underlying PBTa was lower at £0.42million, compared to £0.76million in H1 2013-14. However, the current period performance compared well to 2012 profits of £0.34million. Net margins of 5.6% also showed progress compared to 2012 (4.7%) but were well down on the exceptional levels of 2013 (9.2%).

Momart : Revenue Analysis

Six months ended 30 September	2014 £ million	2013 £ million	Change %
Museums & Exhibitions	4.01	4.77	-15.9%
Commercial Galleries and Auction Houses	2.55	2.56	-0.5%
Art Storage	0.91	0.91	-0.4%
Total	7.47	8.24	-9.4%

Museum Exhibition revenues were as expected substantially down on the record levels seen in 2013 which had increased by 21% on revenues in 2012. The Global art market remains strong and Momart's market share was maintained but there was no repetition of the large overseas contracts seen in the prior period.

Revenues from commercial galleries and auction houses (Gallery Services) were essentially unchanged from 2013 levels at £2.55million (2013: £2.56million). Storage revenues were also unchanged at £0.9million reflecting an effective 100% capacity utilisation.

Although overheads were tightly controlled overall gross margins fell by 2.2% as the sales mix was diluted by the increase in lower margin work subcontracted to overseas agents.

Notable museum exhibitions delivered for UK clients in the period included: Italian Fashion and Constable at the V&A, Anselm Keifer at the Royal Academy, Matisse Cut Outs and Kazimir Malevich at Tate Modern, The Viking World at the British Museum and Virginia Woolf at the National Portrait Gallery.

The commercial art market continues to remain buoyant and Momart has made further progress in developing its relationships with leading galleries and auction houses with additional management resources being deployed in this area.

During the period, plans were also further advanced to expand the company's warehouse facilities at Leyton in East London. Commercial heads of terms have been agreed with landlords for a new air conditioned warehouse. Planning is in progress and construction is expected to commence early in 2015.

Falkland Oil and Gas Limited (FOGL)

The Group continues to own 12.8million shares in FOGL. At 30 September 2014, the market value of the shareholding was £3.6million (based on a FOGL share price of 28p). The historic cost of the FOGL stake is £2.6million or 20p per share. At 19 November 2014 the market value of the shareholding was £3.56million.

The Operators of the drilling programme Noble Energy and Premier Oil continue to mobilise services and equipment prior to the arrival of the drilling rig Eirik Raude in March 2015. We anticipate significant newsflow as the wells are completed and their results will have a significant impact on the economic prospects for the Falkland Islands.

Balance Sheet and Cash Flow

During the period total capital expenditure amounted to £1.86million of which the major commitment was to the Falklands accounting for £1.26million. At Momart further investment of £0.21million was made in trucks and upgrading IT systems and at PHFC £0.39million was spent on further instalment payments for the new ferry, Harbour Spirit.

Total inventories increased by £0.8million to £6.8million (2013: £6.0million) reflecting increased construction activity and increased vehicle stocks to cater for a rapid expansion in demand. Retail inventories in Stanley increased from £3.5million to £4.2million mainly due to increased holdings in Home Builder for its re-launch and a wider, improved range of clothing. Inventory included construction inventories and work in progress of £1.0million (2013 £0.8million)

Operating cash flow (Operating Profit plus amortisation & depreciation) at £2.2million was unchanged from the prior period. The Group's cash balances fell by £1.6million to £4.1million at 30 September 2014 following capital investment of £1.9million, dividend and tax payments totalling £1.3million, and bank loan and finance lease repayments of £0.7million.

At 30 September 2014 the Group had bank borrowings of £0.5million (31 March 2014: £1.0million), HP liabilities of £0.3million (31 March 2014: £0.3million) and long term finance lease liabilities in respect of the Gosport Pontoon of £4.9million (31 March 2014: £4.9million).

Board Change

Edmund Rowland who has been a non-executive director since April 2013 has been appointed as non – executive Deputy Chairman.

Outlook

Near term prospects for growth in the Falkland Islands are good: a strong second half for FIC is anticipated as retail activity benefits from tourism over the Austral Summer and the build up to the drilling programme continues. Longer term growth prospects remain exceptional, and they have been improved by the announcement that Premier Oil are going to move forward with a phased development of the Sea Lion field, with first oil production expected in 2019. Any exploration success from the 2015 drilling programme will further enhance the outlook.

In the current year we will continue to strengthen the infrastructure of our existing Falkland businesses and prepare for the transformation that will come from oil development.

The UK order book for Momart remains strong although overall trading is expected to fall short of the record levels of last year. At PHFC, performance is expected to remain satisfactory and we look forward to the arrival of our new vessel "Harbour Spirit" early in 2015.

The outlook for the Group remains positive and we expect the trends seen in the first half to continue for the remainder of this financial year. We are confident that the Group's diverse range of high quality, niche service businesses with their differing drivers will continue to produce healthy returns for shareholders.

David Hudd
Chairman

John Foster
Managing Director

19 November 2014

Condensed Interim Consolidated Income Statement

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2014

<i>Notes</i>	Unaudited 6 months to 30 September 2014 £'000	Unaudited 6 months to 30 September 2013 £'000	Audited Year ended 31 March 2014 £'000	
2	Revenue	18,242	17,239	38,263
	Cost of sales	(10,786)	(9,885)	(22,212)
	Gross profit	7,456	7,354	16,051
	Other administrative expenses	(6,122)	(5,882)	(12,235)
	Net settlement credit on the transfer of the PHFC pension scheme	-	64	64
	Amortisation of intangible assets	(72)	(193)	(307)
	Administrative expenses	(6,194)	(6,011)	(12,478)
	Operating profit	1,262	1,343	3,573
	Share of result of joint venture	77	-	36
	Profit before finance income and expense	1,339	1,343	3,609
	Finance income	97	133	220
	Finance expense	(204)	(234)	(425)
3	Net financing costs	(107)	(101)	(205)
	Profit before tax from continuing operations	1,232	1,242	3,404
4	Taxation	(297)	(323)	(771)
	Profit attributable to equity holders of the Company	935	919	2,633
5	Earnings per share			
	Basic	7.5p	7.4p	21.3p
	Diluted	7.5p	7.4p	21.1p

See note 5 for an analysis of earnings per share on underlying profit (defined as profit after tax before amortisation and non-trading items).

Condensed Consolidated Balance Sheet

AT 30 SEPTEMBER 2014

<i>Notes</i>	Unaudited 30 September 2014 £'000	Unaudited 30 September 2013 £'000	Audited 31 March 2014 £'000
	Non-current assets		
	12,243	12,122	12,238
	17,759	13,962	16,609
	3,366	2,960	3,396
6	3,623	3,623	3,270
	163	50	86
	378	-	529
	396	234	342
	645	671	645
	38,573	33,622	37,115
	Current assets		
	6,819	5,973	6,692
	5,482	6,145	7,041
	619	458	503
	4,097	8,171	5,715
	17,017	20,747	19,951
	55,590	54,369	57,066
	Current liabilities		
	(679)	(1,121)	(1,109)
	(327)	(382)	(419)
	(9,618)	(8,551)	(10,981)
	(10,624)	(10,054)	(12,509)
	Non-current liabilities		
	(5,061)	(5,618)	(5,061)
7	(2,480)	(2,584)	(2,480)
	(1,639)	(1,694)	(1,639)
	(9,180)	(9,896)	(9,180)
	(19,804)	(19,950)	(21,689)
	35,786	34,419	35,377
	Capital and reserves		
	1,243	1,243	1,243
	17,447	17,447	17,447
	1,162	1,162	1,162
	14,895	13,528	14,839
	1,039	1,039	686
	35,786	34,419	35,377

Condensed Consolidated Cash Flow Statement

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2014

Notes	Unaudited 6 months to 30 September 2014 £'000	Unaudited 6 months to 30 September 2013 £'000	Audited Year ended 31 March 2014 £'000
Profit for the period	935	919	2,633
<i>Adjusted for (i) Non-cash items:</i>			
Depreciation	592	630	1,233
Amortisation	72	193	307
Loss / (profit) on disposal of fixed assets	143	(34)	(4)
Share of joint venture profit	(77)	-	(36)
Amortisation of loan fees	8	8	16
Past service cost of pension scheme	-	-	45
Interest cost on pension scheme liabilities	60	60	108
Equity-settled share-based payment expenses	50	51	43
<i>Non-cash items adjustment</i>	848	908	1,712
<i>(ii) Other items:</i>			
Bank interest receivable	(17)	(85)	(99)
Bank interest payable	13	26	39
Finance lease interest payable	123	140	262
Net settlement credit on the transfer of the PHFC pension scheme	-	(64)	(64)
Income tax expense	297	323	771
<i>Other adjustments</i>	416	340	909
Operating cash flow before changes in working capital and provisions	2,199	2,167	5,254
Decrease / (increase) in trade and other receivables	1,559	8	(888)
Increase in trading inventories	(127)	(874)	(1,593)
(Decrease)/increase in trade and other payables	(1,475)	(1,503)	927
Decrease in provisions and employee benefits	(60)	(60)	(122)
Changes in working capital and provisions	(103)	(2,429)	(1,676)
Cash generated from operations	2,096	(262)	3,578
Income taxes paid	(389)	(305)	(780)
Net cash from operating activities	1,707	(567)	2,798
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,809)	(1,058)	(4,933)
Purchase of computer software	(51)	-	(41)
Proceeds from disposal of property, plant & equipment	40	51	21
Cash received on transfer of the pension scheme	-	46	46
Cash inflow / (outflow) on loans to joint venture	151	-	(529)
Interest received	17	85	99
Net cash from investing activities	(1,652)	(876)	(5,337)

Condensed Consolidated Cash Flow Statement CONTINUED

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2014

	Unaudited 6 months to 30 September 2014 £'000	Unaudited 6 months to 30 September 2013 £'000	Audited Year ended 31 March 2014 £'000
Increase in hire purchase debtors	(170)	(85)	(238)
Repayment of secured loans	(693)	(697)	(1,396)
Proceeds from new loans	132	-	-
Interest paid	(13)	(26)	(39)
Net cashflows from sale and purchase of Treasury shares	-	(66)	(66)
Dividends paid	(929)	(928)	(1,423)
Net cash from financing activities	(1,673)	(1,802)	(3,162)
Net decrease in cash and cash equivalents	(1,618)	(3,245)	(5,701)
Cash and cash equivalents at start of period	5,715	11,416	11,416
Cash and cash equivalents at end of period	4,097	8,171	5,715

Condensed Consolidated Statement of Comprehensive Income

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2014

<i>Notes</i>		Unaudited 6 months to 30 September 2014 £'000	Unaudited 6 months to 30 September 2013 £'000	Audited Year ended 31 March 2014 £'000
6	Gain/(loss) in fair value in shares of Falkland Oil and Gas Limited	353	224	(129)
	Items which will ultimately be recycled to the income statement	353	224	(129)
7	Net actuarial gain on pension schemes net of tax	-	-	100
	Items which will not ultimately be recycled to the income statement	-	-	100
	Other comprehensive income / (expense)	353	224	(29)
	Profit for the period	935	919	2,633
	Total comprehensive income	1,288	1,143	2,604

Condensed Consolidated Statement of Changes in Shareholders' Equity

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2014

	Unaudited 6 months to 30 September 2014 £'000	Unaudited 6 months to 30 September 2013 £'000	Audited Year ended 31 March 2014 £'000
Shareholders' funds at beginning of period	35,377	34,279	34,279
Profit for the period	935	919	2,633
Gain/(loss) in fair value in shares of Falkland Oil and Gas Limited	353	224	(129)
Net actuarial gain on pension schemes net of tax	-	-	100
Total comprehensive income	1,288	1,143	2,604
Dividends paid or approved by shareholders	(929)	(928)	(1,423)
Net movement in Treasury shares	-	(126)	(126)
Share-based payments granted to employees	50	51	43
Shareholders' funds at end of period	35,786	34,419	35,377

Notes to the Unaudited Interim Statements

1. Basis of preparation

This interim financial information comprises the condensed consolidated balance sheets at 30 September 2014, 30 September 2013 and 31 March 2014 and condensed consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for the periods then ended and related notes of Falkland Islands Holdings plc (hereinafter 'the interim financial information').

The interim financial information has been prepared in accordance with the accounting policies set out in the Group's 2014 financial statements. As permitted, these interim financial statements have been prepared in accordance with AIM rules and not in accordance with IAS34 'Interim Financial Reporting'.

The adopted International Financial Reporting Standards ('IFRS') that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2015 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 March 2015.

The Interim Report was approved by the Board on 19 November 2014.

Section 245 Statement

The comparative figures for the financial year ended 31 March 2014 are not the Company's full statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors 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 auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

2. Segmental revenue and profit analysis

Unaudited 6 months to 30 September 2014	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
External revenue	8,478	2,295	7,469	-	18,242
Operating profit before amortisation and non-trading items	441	469	424	-	1,334
Net settlement gain on transfer of the PHFC pension scheme	-	-	-	-	-
Amortisation of intangible assets	-	-	(72)	-	(72)
Amortisation and non-trading items	-	-	(72)	-	(72)
Segment operating profit	441	469	352	-	1,262
Share of results of joint venture	77	-	-	-	77
Profit before finance income and expense	518	469	352	-	1,339
Finance income	80	-	-	17	97
Finance expense	(60)	(120)	(7)	(17)	(204)
Segment profit before tax	538	349	345	-	1,232
Assets and liabilities					
Segment assets	20,843	14,626	12,392	7,729	55,590
Segment liabilities	(8,134)	(6,531)	(4,309)	(830)	(19,804)
Segment net assets	12,709	8,095	8,083	6,899	35,786
Other segment information					
Capital expenditure					
Property, plant and equipment	1,115	384	162	-	1,661
Investment properties	148	-	-	-	148
Computer Software	-	-	51	-	51
Depreciation	268	169	155	-	592
Amortisation	-	-	72	-	72

Underlying profit before tax	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
Segment operating profit before tax, amortisation and non-trading items	441	469	424	-	1,334
Share of results of Joint Venture	77	-	-	-	77
Profit before finance income and expense	518	469	424	-	1,411
Finance income	80	-	-	17	97
Finance expense	(60)	(120)	(7)	(17)	(204)
Segment underlying profit before tax	538	349	417	-	1,304

2. Segmental revenue and profit analysis CONTINUED

	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (JK) £'000	Unallocated £'000	Total £'000
Unaudited - Six months to 30 September 2013					
External revenue	6,757	2,236	8,246	-	17,239
Operating profit before amortisation and non-trading items	235	434	803	-	1,472
Net settlement gain on transfer of the PHFC pension scheme	-	-	-	64	64
Amortisation of intangible assets	-	-	(193)	-	(193)
Amortisation and non-trading items	-	-	(193)	64	(129)
Profit before finance income and expense	235	434	610	64	1,343
Finance income	128	-	-	-	128
Finance expense	(62)	(123)	(44)	-	(229)
Segment profit before tax	301	311	566	64	1,242
Assets and liabilities					
Segment assets	16,086	12,778	13,680	11,825	54,369
Segment liabilities	(7,341)	(6,716)	(4,199)	(1,694)	(19,950)
Segment net assets	8,745	6,062	9,481	10,131	34,419
Other segment information					
Capital expenditure					
Property, plant and equipment	527	130	215	-	872
Investment properties	186	-	-	-	186
Computer software	-	-	-	-	-
Depreciation	270	169	191	-	630
Amortisation	-	-	193	-	193

	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (JK) £'000	Unallocated £'000	Total £'000
Underlying profit before tax					
Segment operating profit before tax, amortisation and non-trading items	235	434	803	-	1,472
Share of results of joint venture	-	-	-	-	-
Profit before finance income and expense	235	434	803	-	1,472
Finance income	128	-	-	-	128
Finance expense	(62)	(123)	(44)	-	(229)
Segment underlying profit before tax	301	311	759	-	1,371

2. Segmental revenue and profit analysis CONTINUED

Audited - Year ended 31 March 2014	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
External revenue	15,881	4,124	18,258	-	38,263
Operating profit before amortisation and non-trading items	977	1,013	1,826	-	3,816
Net settlement gain on transfer of the PHFC pension scheme	-	-	-	64	64
Amortisation of intangible assets	-	-	(307)	-	(307)
Amortisation and non-trading items	-	-	(307)	64	(243)
Segment operating profit	977	1,013	1,519	64	3,573
Share of results of joint venture	36	-	-	-	36
Profit before finance income and expense	1,013	1,013	1,519	64	3,609
Finance income	121	-	-	99	220
Finance expense	(108)	(246)	(29)	(42)	(425)
Segment profit before tax	1,026	767	1,490	121	3,404
Assets and liabilities					
Segment assets	20,129	14,437	13,492	9,008	57,066
Segment liabilities	(8,950)	(6,541)	(4,818)	(1,380)	(21,689)
Segment net assets	11,179	7,896	8,674	7,628	35,377
Other segment information					
Capital expenditure					
Property, plant and equipment	2,057	1,958	260	-	4,275
Investment properties	658	-	-	-	658
Computer software	-	-	41	-	41
Depreciation	477	332	424	-	1,233
Amortisation	-	-	307	-	307

Underlying profit before tax	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
Segment operating profit before tax, amortisation and non-trading items	977	1,013	1,826	-	3,816
Share of results of Joint venture	36	-	-	-	36
Profit before finance income and expense	1,013	1,013	1,826	-	3,852
Finance income	121	-	-	99	220
Finance expense	(108)	(246)	(29)	(42)	(425)
Segment underlying profit before tax	1,026	767	1,797	57	3,647

3. Finance income and expense

	Unaudited 6 months to 30 September 2014 £'000	Unaudited 6 months to 30 September 2013 £'000	Audited Year ended 31 March 2014 £'000
Bank interest receivable	17	85	99
Finance lease interest receivable	80	48	121
Total finance income	97	133	220
Interest payable on bank loans	(13)	(26)	(39)
Interest cost on pension scheme liabilities	(60)	(60)	(108)
Amortisation of loan fees	(8)	(8)	(16)
Finance lease interest payable	(123)	(140)	(262)
Total finance expense	(204)	(234)	(425)
Net financing cost	(107)	(101)	(205)

4. Taxation

The taxation charge has been estimated to be 24.0% (2013: 26.0%).

5. Earnings per share

Earnings per share on underlying profit

To provide a comparison of earnings per share on underlying performance, the table below sets out basic and diluted earnings per share based on profits after tax before amortisation ('underlying profit after tax'):

	6 months to 30 September 2014 £'000	6 months to 30 September 2013 £'000	Year ended 31 March 2014 £'000
Weighted average number of shares in issue	12,431,623	12,431,623	12,431,623
Less: shares held in Treasury	(18,381)	-	(12,764)
Less: shares held under the ESOP	(28,016)	(39,021)	(37,785)
Average number of shares in issue excluding the ESOP	12,385,226	12,392,602	12,381,074
Maximum dilution with regards to share options	79,092	74,842	79,911
Diluted weighted average number of shares	12,464,318	12,467,444	12,460,985

	6 months to 30 September:		Year ended 31 March
	2014 £'000	2013 £'000	2014 £'000
Underlying profit before tax	1,304	1,371	3,647
Tax thereon	(310)	(356)	(901)
<i>Tax rate</i>	24%	26%	25%
Underlying profit after tax	994	1,015	2,746
Basic earnings per share on underlying profit	8.0p	8.2p	22.2p
Diluted earnings per share on underlying profit	8.0p	8.1p	22.0p

Analysis of Taxation charge			
Taxation on underlying profits	(310)	(356)	(901)
Taxation related to amortisation and non-trading items	13	33	130
Total taxation charge	(297)	(323)	(771)

6. Financial assets - available for sale equity securities

(a) At fair value

The Group has an investment of 12,825,000 (2013:12,825,000) shares in the AIM quoted company Falkland Oil and Gas Limited ('FOGL').

	30 September 2014	30 September 2013	31 March 2014
FOGL share price	28.3p	28.3p	25.5p
Number of shares held by Group	12,825,000	12,825,000	12,825,000
Investment stated at fair value:			
Falkland Oil and Gas Limited £'000	3,623	3,623	3,270

(b) At cost

	30 September 2014 £'000	30 September 2013 £'000	31 March 2014 £'000
Investment at cost:			
Falkland Oil and Gas Limited	2,586	2,586	2,586

7. Employee benefits

The Company has elected to follow precedent and decided not to revalue its pension obligations at the half-year end. The Group's pension obligation, the Falkland Islands Company Limited Pension Scheme, is unfunded and therefore not subject to valuation volatility as a result of stock market fluctuations.

8. Analysis of Net Debt

	As at 1 April 2014 £'000	Cash flows £'000	As at 30 September 2014 £'000	As at 30 September 2013 £'000
Cash at bank and in hand	5,715	(1,618)	4,097	8,171
Debt due within one year - Bank loans	(985)	458	(527)	(984)
Debt due within one year - Hire purchase	(96)	(27)	(123)	(109)
Debt due within one year - Pontoon Lease	(28)	(1)	(29)	(28)
Debt due after one year - Bank loans	(34)	34	-	(527)
Debt due after one year - Hire Purchase	(169)	(49)	(218)	(218)
Debt due after one year - Pontoon Lease	(4,858)	15	(4,843)	(4,873)
Net debt at end of period	(455)	(1,188)	(1,643)	1,432

Bank Debt	(1,019)	492	(527)	(1,511)
Hire Purchase Leases	(265)	(76)	(341)	(327)
Pontoon Lease	(4,886)	14	(4,872)	(4,901)
Total debt at end of period	(6,170)	430	(5,740)	(6,739)
Cash	5,715	(1,618)	4,097	8,171
Net debt at end of period	(455)	(1,188)	(1,643)	1,432

9. Capital commitments

At 30 September 2014 the company had a capital commitment of £604,000 (2013: £2.4 million) due to the boat yard for the new vessel, which has not been provided for in these financial statements.

Directors and Corporate Information

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John Foster *Managing Director*

Mike Killingley*
Jeremy Brade*
Edmund Rowland*

*Non-executive Directors

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Carol Bishop

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