

19 November 2015

## Falkland Islands Holdings plc

("FIH" or the "Group")

### Results for the six months ended 30 September 2015

FIH, the AIM quoted group that owns essential services businesses in the Falkland Islands and the UK, is pleased to announce its unaudited results for the six months ended 30 September 2015 ("the period"). Comparisons shown below are for the same period in 2014 unless otherwise stated.

#### Group Financial Highlights

- Group revenue £17.73 million (2014: £18.24 million)
- Profit Before Tax £1.4 million (2014: £1.2 million)
- Underlying Profit Before Tax\* £1.10 million (2014: £1.30 million)
- Diluted earnings per share based on underlying earnings were 6.8p (2014: 8.0p)
- Bank borrowings at 30 September 2015 were £3.5 million (31 March 2015: £0.7 million)
- Group cash balances of £10.8 million at 30 September 2015 (31 March 2015: £7.4 million)
- In line with its new policy of reinvestment, no Interim dividend declared.

\* Underlying Profit Before Tax is shown after the allocation of central overheads and related financing costs and excludes non-trading items and non-cash charges for the amortisation of intangible assets.

#### Operating Highlights

##### **Falkland Islands Company ("FIC") – Good trading performance**

- Increased general activity caused by the presence of the Eirik Raude rig:
  - Sharp improvement in rental income from FIC's property portfolio via corporate lets
  - 2.4% increase in revenue at FIC's flagship West Store, Stanley, and 4.5% rise in sales at the Capstan gift shop
- Overall revenue down by 6.9% to £7.89 million from record level comparable period (2014: £8.48 million)
- Profit Before Tax and amortisation ("PBTa") up 31.2% to £0.73 million (2014: £0.55 million).

##### **Portsmouth Harbour Ferry Company ("PHFC") – Sustained performance and increased profitability**

- Satisfactory trading with a small decline of 1.5% in revenue to £2.26 million (2014: £2.29 million)
- Profitability after the allocation of Group overheads and financing charges (PBTa), improved to £0.39 million (2014: £0.35 million)
- New ferry, Harbour Spirit, with its enhanced facilities is now fully operational.

##### **Momart - Stable revenue & investment in business development & marketing**

- Revenue increased 1.4% to £7.58 million (2014: £7.47 million)
- Contribution (PBTa) down £0.4 million following investment in marketing, business development and IT
- High-profile museum exhibitions included: Ai Weiwei at the Royal Academy; The World goes Pop and Agnes Martin at Tate Modern; Jackson Pollock at Tate Liverpool; and What is Luxury at the V&A
- Storage revenue increased 7.5% on prior year, with 100% effective capacity utilisation:
  - Completed fit-out of an additional 4,500 sq. ft. of ambient storage facilities at Edmonton
  - Dedicated storage space at the Royal Academy fully operational
- Increased investment in marketing, business development, IT and finance.

##### **Falkland Oil & Gas Limited ("FOGL")**

- Realisation of investment in FOGL completed with sale of residual 5 million shares for £1.4 million, generating a profit of £0.4 million for the Group
- Proceeds used to further modernise the infrastructure of the Group's core businesses

**Edmund Rowland, Chairman of FIH, said:**

“This has been a satisfactory period of trading for the Group, with a good trading performance in the Falklands, coupled with increased profitability from the PHFC and further strengthening at Momart, our market leading art logistics and storage business.

“The outlook for the Group remains positive and we remain confident that the diverse range of high quality, niche service businesses supplemented by strategic acquisitions to increase the Group’s scale and earnings potential, will produce sustainable long term returns for shareholders.”

**- Ends -**

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Copies of the Interim Report will be available on the Company's website [www.fihplc.com](http://www.fihplc.com)

## Chairman's and Managing Director's Review

### Group overview

The Group's trading results for the six months to 30 September 2015 were satisfactory with revenues slightly down on the prior year at £17.7 million and Profit Before Tax ahead by £0.18 million at £1.41 million (2014: £1.23 million). At a trading level, after excluding the £0.4 million gain on the sale of shares in Falkland Oil and Gas Limited ("FOGL"), underlying profit before tax was £1.10 million, down £0.2 million from the £1.30 million seen last year.

An analysis by business is shown below:

#### Revenue

Six months ended 30 September	2015 £ million	2014 £ million	Change %
<i>Falkland Islands Company</i>	<b>7.89</b>	8.48	-6.9
<i>Portsmouth Harbour Ferry</i>	<b>2.26</b>	2.29	-1.5
<i>Momart</i>	<b>7.58</b>	7.47	1.4
<b>Total Revenue</b>	<b>17.73</b>	18.24	-2.8

#### Underlying Profit Before Tax\*

Six months ended 30 September	2015 £ million	2014 £ million	Change %
<i>Falkland Islands Company</i>	<b>0.73</b>	0.55	31.2
<i>Portsmouth Harbour Ferry</i>	<b>0.39</b>	0.35	10.3
<i>Momart</i>	<b>(0.02)</b>	0.40	-104.0
<b>Total Underlying Profit Before Tax</b>	<b>1.10</b>	1.30	-15.9
<i>Amortisation</i>	<b>(0.07)</b>	(0.07)	-
<i>Profit on sale of FOGL shares</i>	<b>0.38</b>	-	-
<b>Profit Before Tax</b>	<b>1.41</b>	1.23	14.7

Profits in the Group's Falklands' business, FIC, rose by 31% boosted by increased business activity connected to the offshore drilling programme which commenced in March 2015, while at PHFC the contribution from ferry operations was marginally up on the prior year following a reduction in central costs. Profits at the Group's art handling business, Momart, were lower by £0.4 million reflecting increased investment in marketing and business development.

Diluted earnings per share (EPS) based on reported earnings were 9.5p (2014: 7.5p) and based on underlying earnings, diluted EPS were 6.8p (2014: 8.0p).

At 30 September 2015, the Group had cash balances of £10.8 million (31 March 2015: £7.4 million) and bank borrowings of £3.5 million (31 March 2015: £0.7 million).

\* *Underlying Profit Before Tax is shown after the allocation of central overheads and related financing costs and excludes non-trading items and non-cash charges for the amortisation of intangible assets.*

## Operating Review

### Falkland Islands Company (FIC)

Despite increased general activity caused by the presence of the Eirik Raude drilling rig, lower service revenues from FIC's Fishing Agency, the absence of oil related pre-drilling construction activity, reduced southbound freight and timing differences in 4x4 vehicle sales, saw overall revenue fall back by 6.9% to £7.89 million from the record level in the first half of 2014-15 (2014: £8.48 million).

However Profit Before Tax and amortisation ("PBTa") increased to £0.73 million, up 31.2% on the prior period (2014: £0.55 million), as net income from FIC's higher margin retail, property and support services were boosted by the presence of onshore oil support workers.

<b>FIC : Revenue Analysis</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Six months ended 30 September</b>	<b>£ million</b>	<b>£ million</b>	<b>%</b>
Retail	<b>4.34</b>	4.39	-1.2
Falklands 4x4	<b>1.25</b>	1.49	-16.1
Freight & Port Services	<b>0.41</b>	0.62	-33.3
Support services	<b>0.67</b>	0.81	-17.7
Property Rental	<b>0.27</b>	0.14	90.2
FBS (construction)	<b>0.95</b>	1.03	-7.2
<b>Total FIC revenue</b>	<b>7.89</b>	8.48	-6.9

Rental income from FIC's property portfolio improved sharply over the period as corporate lets linked to the drilling program saw an increase in both rental yields and occupancy.

Underlying retail activity was generally ahead of the prior year; revenue at FIC's flagship West Store, in the heart of Stanley, increased by 2.4% and sales at the Capstan gift shop rose by 4.5%. However a hiatus in government housing completions and restricted customer access caused by further store development work saw a sharp reduction in revenue from FIC's homeware business causing overall retail sales to be lower by 1.2% (£0.05 million). Overall contribution from FIC's retail operations was in line with the prior year.

In the automotive business, Falklands 4x4, profits were higher from vehicle car hire and servicing, but timing differences linked to the delayed delivery of the final batch of Land-Rover Defender vehicles ordered by government, saw vehicle sales fall from 43 to 34 in the current period and total revenue reduced by 16% to £1.25 million (2014: £1.49 million). 4x4's overall contribution however was in line with the prior year.

FIC's construction business continued to make good progress, with the completion and sale of eight kit homes vs five in the prior period. However this was largely offset by the absence of the subcontracted work in H1 last year related to installation by oil companies of a new temporary dock in Stanley Harbour. As a result overall construction revenue was slightly lower than in H1 2014 albeit cost savings in site development costs incurred last year saw the overall contribution from construction increase.

SATCO, the construction Joint Venture with Trant Engineering, continued to benefit from oil related spending on-shore, with the crane rental to Premier Oil and local construction contracts, leading to an increase in the JV's after tax contribution from £77,000 to £106,000.

FIC's Fishing Agency had a quieter period without the launch hire income seen in the prior year related to the construction of the floating dock. The Group's insurance brokerage business continued to make progress, but its gains were largely offset by reduced profits from Port services and third party freight, as cargo shipped to the Islands returned to more normal levels following the surge in oil related construction activity seen in H1 last year.

Profit Before Tax from FIC in H1 increased to £0.73 million (2014: £0.55 million) and with the drilling programme now set to extend until the end of February 2016, activity in the Falklands is expected to remain buoyant for the remainder of the financial year.

### Portsmouth Harbour Ferry Company

PHFC continued to trade satisfactorily with a small decline of 1.5% in revenue to £2.26 million (2014: £2.29 million) Fare increases in June 2015 were balanced by promotional discounts over the summer to stimulate increased ferry usage. However cheaper petrol prices made car travel relatively more attractive and this together with the continued promotion and subsidy by Portsmouth Council of its Park & Ride scheme (offering commuters and shoppers a combined bus and car parking ticket for only £2) saw passenger numbers reduce by 3.3%.

Ferry operating expenses were tightly controlled with lower vessel maintenance, fuel bills and professional costs. This was combined with a reduction in head office costs following management changes at FIH earlier in the year and these overall cost savings were sufficient to offset increased interest charges linked to new ferry loans of £3.6 million and the small reduction in ferry revenue.

Profitability after the allocation of Group overheads and financing charges (PBTa), improved to £0.39 million (2014: £0.35 million).

In July 2015, PHFC's new ferry, Harbour Spirit with its enhanced facilities, including a larger cycle deck and more enclosed passenger seating, was formally commissioned. Harbour Spirit's arrival takes the number of modern vessels operated by PHFC to three and her presence will allow the retirement of one of the company's older 1966 vintage vessels later in the year.

### Momart

Momart, the Group's art handling and logistics business saw revenues of £7.58 million, an increase of 1.4% on the prior year (2014: £7.47 million), with sales growth seen in the Commercial Galleries and Art Storage divisions.

<b>Momart : Revenue Analysis</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Six months ended 30 September</b>	<b>£ million</b>	<b>£ million</b>	<b>%</b>
<i>Museums &amp; Exhibitions</i>	<b>3.90</b>	4.01	-2.6
<i>Commercial Galleries and Auction Houses</i>	<b>2.70</b>	2.55	5.6
<i>Art Storage</i>	<b>0.98</b>	0.91	7.5
<b>Total</b>	<b>7.58</b>	7.47	1.4

Underlying PBTa fell to an operating loss of £0.02 million compared to a profit of £0.40 million in H1 2014-15. Although buoyant, the art market has become increasingly competitive, restricting sales growth particularly for Museum Exhibition work where market pressure has been exacerbated by government budget cuts which have placed further strain on gross margins. This together with an increased investment in marketing and business development, which saw overheads increase by £0.28 million, led to the £0.4 million decline in Momart's Profit Before Tax.

Museum Exhibition revenues were down 2.6% at £3.90 million (2014: £4.01 million). This was expected, given the reduction in the order book at 31 March 2015, which was down 16% compared to the prior year and although this shortfall was largely reversed over the period, with sales down only 2.6%, this was achieved at the expense of gross margin dilution. An increased order book up 11% at 30 September 2015 will provide a stronger platform for trading in the second half although pressure on margins is expected to continue.

Notable museum exhibitions delivered for UK clients in the period included: "Ai Weiwei" at the Royal Academy. "The World goes Pop"& "Agnes Martin" at Tate Modern, "Jackson Pollock" at Tate Liverpool, "Audrey Hepburn" at National Portrait Gallery and "What is Luxury" at the V&A.

Revenues from commercial galleries and auction houses (Gallery Services) increased 5.6% to £2.70 million (2014: £2.55 million) helped by a buoyant art market and the increased focus on marketing and business development which led to a broadening and deepening of Momart's commercial client base. Margins too showed some improvement and this stronger performance from Gallery Services went some way to minimising the decline in the gross profitability of Momart's Museum Exhibition business.

Storage revenues increased 7.5% from the prior year, with the Royal Academy's dedicated storage space now fully operational and with the fit out of the additional 4,500 sq. ft. of ambient storage facilities at the Edmonton site being completed in late June 2015. This provided much needed space to cope with the storage containers from China used in the Ai Weiwei exhibition which opened at the Royal Academy in September. These results continue to reflect an effective 100% capacity utilisation.

Although overheads were tightly controlled, there was a significant increase in expenditure from the prior year due to the investments in finance, IT and in marketing initiatives and business development. Recent marketing activity included the VIP sponsorship of Frieze, and a strategic agreement for Momart to become a preferred European Partner of the new Christie's online collection management portal, "Collectrium". Momart's involvement with this Christie's sponsored cutting edge digital solution offers significant long term potential growth prospects in the commercial art market with increased access and exposure to private clients and key international collectors.

The commercial art market continues to remain buoyant and Momart has made further progress in developing its relationships with leading galleries and auction houses.

Building of the new air conditioned warehouse at Momart's existing Leyton site has now commenced, with completion expected in mid-2016. This new warehouse building will have improved client facilities, including private client viewing areas and will increase Momart's storage capacity by 33%.

#### **Falkland Oil and Gas Limited (FOGL)**

In April 2015, the Group sold its residual 5 million shares held in FOGL for £1.4 million, generating a profit of £0.4 million for the Group. With the sale of these 5 million shares, FIH has completed the realisation of its investment in FOGL.

Over the last 10 years since FOGL's flotation, FIH has generated over £8 million in cash proceeds and £5 million in profits from its highly successful investment in FOGL. As with previous realisations these latest monies will be used to invest in and modernise the infrastructure of the Group's core businesses, to help deliver the board's vision of sustainable long term growth.

#### **Balance Sheet and Cash Flow**

During the six months to 30 September 2015, total capital expenditure amounted to £1.08 million, of which the major commitment was to the Falklands, accounting for £0.8 million. The Falklands investment has largely been incurred on the two projects; the new warehouse/freezer facilities at Airport Road in East Stanley, and the further development of the retail facilities at Crozier Place, including an expanded builders' merchant and DIY store, modern parking facilities for retail customers and a new café.

At Momart, further investment of £0.2 million was made in trucks and upgrading storage facilities and at PHFC £0.1 million was spent on finalising the new vessel and on normal replacement expenditure.

Total inventories decreased by £0.5 million to £6.3 million (September 2014: £6.8 million) reflecting improvements in stock control and the reduction in construction activity. Retail inventories in Stanley remained in line with the prior year at £4.1 million (September 2014: £4.2 million).

Operating cash flow (Operating Profit plus amortisation & depreciation) at £2.0 million fell £0.2 million from the prior period (September 2014: £2.2 million) due to the reduction in underlying profit before tax. The Group's cash balances increased by £3.3 million to £10.8 million at 30 September 2015 following the drawdown of £2.9 million of bank loans, to finance Harbour Spirit at Gosport, and the £1.4 million proceeds received on the sale of the FOGL shares, offset by capital investment of £1.1 million.

At 30 September 2015, the Group had cash balances of £10.8 million (31 March 2015: £7.4 million) and bank borrowings of £3.5 million (31 March 2015: £0.7 million). In addition the Group had hire purchase liabilities of £0.2 million (31 March 2015: £0.3 million) and long term finance lease liabilities in respect of the Gosport Pontoon of £4.8 million (31 March 2015: £4.9 million).

## **Outlook**

A stronger second half for FIC is anticipated with activity buoyed by a projected increase in cruise ship passengers and the extended stay of the Eirik Raude rig which now appears likely to remain in Falklands' waters until February 2016. Beyond the end of the financial year longer term growth prospects in the Falklands remain closely tied to the development of oil production in the Islands, the timing of which in turn depends on the extent of any further success in the remaining three exploration wells and in particular to a recovery in the oil price. Nonetheless the Board continues to believe that Sea Lion and other commercially significant oil reserves will be developed in Falklands' waters, and with the recent modernisation of its facilities and its strong legacy property portfolio, FIC is well placed to take full advantage of any growth which does arise.

At Momart, the market remains highly competitive with continuing margin pressure expected in the Museums Exhibitions market. However, the benefits of an increased marketing focus are expected to emerge slowly over the next few months and with recent positive trends in Gallery Services contract wins, the outlook for the second half is more positive.

At PHFC, performance is expected to remain satisfactory, with modest declines in passenger numbers in the near term being offset by increased fares. With plans underway for the expansion of the Portsmouth naval base from 2017 onwards, longer term growth prospects appear encouraging.

The outlook for the Group remains positive and we remain confident that the diverse range of high quality, niche service businesses supplemented by strategic acquisitions to increase the Group's scale and earnings potential, will produce sustainable long term returns for shareholders.

**Edmund Rowland**  
**Chairman**

**John Foster**  
**Managing Director**

**19 November 2015**

**Condensed Interim Consolidated Income Statement  
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

<i>Notes</i>	Unaudited 6 months to 30 September 2015 £'000	Unaudited 6 months to 30 September 2014 £'000	Audited Year ended 31 March 2015 £'000
<b>2 Revenue</b>	<b>17,727</b>	<b>18,242</b>	38,560
Cost of sales	<b>(10,413)</b>	<b>(10,786)</b>	(22,927)
<b>Gross profit</b>	<b>7,314</b>	<b>7,456</b>	15,633
Other administrative expenses	<b>(6,200)</b>	<b>(6,122)</b>	(12,050)
Board restructuring costs	-	-	(234)
Amortisation of intangible assets	<b>(72)</b>	<b>(72)</b>	(142)
Administrative expenses	<b>(6,272)</b>	<b>(6,194)</b>	(12,426)
<b>Operating profit</b>	<b>1,042</b>	<b>1,262</b>	3,207
Gain on sale of FOGL shares	<b>388</b>	-	711
Share of result of joint venture	<b>106</b>	<b>77</b>	180
<b>Profit before finance income and expense</b>	<b>1,536</b>	<b>1,339</b>	4,098
Finance income	<b>109</b>	<b>97</b>	187
Finance expense	<b>(232)</b>	<b>(204)</b>	(391)
<b>3 Net financing costs</b>	<b>(123)</b>	<b>(107)</b>	(204)
<b>Profit before tax</b>	<b>1,413</b>	<b>1,232</b>	3,894
<b>4 Taxation</b>	<b>(236)</b>	<b>(297)</b>	(750)
<b>Profit attributable to equity holders of the Company</b>	<b>1,177</b>	<b>935</b>	3,144
<b>5 Earnings per share</b>			
Basic	<b>9.5p</b>	<b>7.5p</b>	25.4p
Diluted	<b>9.5p</b>	<b>7.5p</b>	25.3p

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 2015**

<i>Notes</i>	Unaudited 30 September 2015 £'000	Unaudited 30 September 2014 £'000	Audited 31 March 2015 £'000
<b>Non-current assets</b>			
Intangible assets	12,128	12,243	12,226
Property, plant and equipment	19,907	17,759	19,621
Investment properties	3,666	3,366	3,693
6 Shares held in Falkland Oil and Gas Limited	-	3,623	1,500
Investment in joint venture	372	163	266
Loan to joint venture	378	378	378
Hire purchase debtors	553	396	458
Deferred tax assets	750	645	750
<b>Total non-current assets</b>	<b>37,754</b>	<b>38,573</b>	<b>38,892</b>
<b>Current assets</b>			
Inventories	6,330	6,819	5,391
Trade and other receivables	5,510	5,482	5,308
Hire purchase debtors	689	619	647
Cash and cash equivalents	10,750	4,097	7,435
<b>Total current assets</b>	<b>23,279</b>	<b>17,017</b>	<b>18,781</b>
<b>TOTAL ASSETS</b>	<b>61,033</b>	<b>55,590</b>	<b>57,673</b>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	(533)	(679)	(293)
Income tax payable	(94)	(327)	(27)
Trade and other payables	(10,139)	(9,618)	(10,214)
<b>Total current liabilities</b>	<b>(10,766)</b>	<b>(10,624)</b>	<b>(10,534)</b>
<b>Non-current liabilities</b>			
Interest bearing loans and liabilities	(7,989)	(5,061)	(5,580)
7 Employee benefits	(2,884)	(2,480)	(2,884)
Deferred tax liabilities	(1,987)	(1,639)	(1,987)
<b>Total non-current liabilities</b>	<b>(12,860)</b>	<b>(9,180)</b>	<b>(10,451)</b>
<b>TOTAL LIABILITIES</b>	<b>(23,626)</b>	<b>(19,804)</b>	<b>(20,985)</b>
<b>Net assets</b>	<b>37,407</b>	<b>35,786</b>	<b>36,688</b>
<b>Capital and reserves</b>			
Equity share capital	1,243	1,243	1,243
Share premium account	17,447	17,447	17,447
Other reserves	1,162	1,162	1,162
Retained earnings	17,555	14,895	16,344
Financial assets fair value reserve	-	1,039	492
<b>Total equity</b>	<b>37,407</b>	<b>35,786</b>	<b>36,688</b>

**Condensed Consolidated Cash Flow Statement  
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

<i>Notes</i>	Unaudited 6 months to 30 September 2015 £'000	Unaudited 6 months to 30 September 2014 £'000	Audited Year ended 31 March 2015 £'000
<b>Profit for the period</b>	<b>1,177</b>	935	3,144
<i>Adjusted for (i) Non-cash items:</i>			
Depreciation	<b>720</b>	592	1,426
Amortisation	<b>72</b>	72	142
Loss on disposal of fixed assets	-	143	-
Share of joint venture profit	<b>(106)</b>	(77)	(180)
Amortisation of loan fees	-	8	15
Interest cost on pension scheme liabilities	<b>60</b>	60	107
Equity-settled share-based payment expenses	<b>34</b>	50	90
<i>Non-cash items adjustment</i>	<b>780</b>	848	1,600
<i>(ii) Other items:</i>			
Bank interest receivable	<b>(11)</b>	(17)	(15)
Bank interest payable	<b>51</b>	13	17
Finance lease interest payable	<b>121</b>	123	246
Gain on disposal of FOGL shares	<b>(388)</b>	-	(711)
Income tax expense	<b>236</b>	297	750
<i>Other adjustments</i>	<b>9</b>	416	287
<b>Operating cash flow before changes in working capital and provisions</b>	<b>1,966</b>	2,199	5,031
(Increase) / decrease in trade and other receivables	<b>(202)</b>	1,559	1,733
(Increase) / decrease in trading inventories	<b>(809)</b>	(127)	1,406
(Decrease) / increase in trade and other payables	<b>(80)</b>	(1,475)	(879)
Decrease in provisions and employee benefits	<b>(60)</b>	(60)	(115)
<i>Changes in working capital and provisions</i>	<b>(1,151)</b>	(103)	2,145
<b>Cash generated from operations</b>	<b>815</b>	2,096	7,176
Income taxes paid	<b>(169)</b>	(389)	(792)
<b>Net cash from operating activities</b>	<b>646</b>	1,707	6,384
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	<b>(1,083)</b>	(1,809)	(4,597)
Purchase of computer software	-	(51)	(132)
Proceeds from disposal of property, plant & equipment	-	40	86
Proceeds received from the sale of FOGL shares	<b>1,396</b>	-	2,287
Acquisition of a business	-	-	(215)
Cash inflow on loans to joint venture	-	151	151
Interest received	<b>11</b>	17	15
<b>Net cash from investing activities</b>	<b>324</b>	(1,652)	(2,405)

**Condensed Consolidated Cash Flow Statement (Continued)**  
**FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

	Unaudited 6 months to 30 September 2015 £'000	Unaudited 6 months to 30 September 2014 £'000	Audited Year ended 31 March 2015 £'000
Increase in hire purchase debtors	<b>(137)</b>	(170)	(260)
Repayment of secured loans	<b>(362)</b>	(693)	(1,391)
Interest paid	<b>(46)</b>	(13)	(17)
Proceeds from new loans	<b>2,890</b>	132	701
Hire purchase loan drawn down	-	-	132
Dividends paid	-	(929)	(1,424)
<b>Net cash from financing activities</b>	<b>2,345</b>	(1,673)	(2,259)
<b>Net decrease in cash and cash equivalents</b>	<b>3,315</b>	(1,618)	1,720
Cash and cash equivalents at start of period	<b>7,435</b>	5,715	5,715
<b>Cash and cash equivalents at end of period</b>	<b>10,750</b>	4,097	7,435

**Condensed Consolidated Statement of Comprehensive Income  
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

<i>Notes</i>	Unaudited 6 months to 30 September 2015 £'000	Unaudited 6 months to 30 September 2014 £'000	Audited Year ended 31 March 2015 £'000
6 Gain in fair value of shares in Falkland Oil and Gas Limited	-	353	225
6 Transfer to the income statement on sale of shares in Falkland Oil and Gas Limited	(492)	-	(419)
<b>Items which will ultimately be recycled to the income statement</b>	<b>(492)</b>	<b>353</b>	<b>(194)</b>
7 Actuarial gain on pension schemes net of tax	-	-	(305)
Items which will not ultimately be recycled to the income statement	-	-	(305)
<b>Other comprehensive (expense) / income</b>	<b>(492)</b>	<b>353</b>	<b>(499)</b>
<b>Profit for the period</b>	<b>1,177</b>	<b>935</b>	<b>3,144</b>
<b>Total comprehensive income</b>	<b>685</b>	<b>1,288</b>	<b>2,645</b>

**Condensed Consolidated Statement of Changes in Shareholders' Equity  
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

	Unaudited 6 months to 30 September 2015 £'000	Unaudited 6 months to 30 September 2014 £'000	Audited Year ended 31 March 2015 £'000
Shareholders' funds at beginning of period	36,688	35,377	35,377
Profit for the period	<b>1,177</b>	935	3,144
Gain in fair value of shares in Falkland Oil and Gas Limited	-	353	225
Transfer to the income statement on sale of shares in Falkland Oil and Gas Limited	<b>(492)</b>	-	(419)
Net actuarial gain on pension schemes net of tax	-	-	(305)
<b>Total comprehensive income</b>	<b>685</b>	<b>1,288</b>	2,645
Dividends paid or approved by shareholders	-	<b>(929)</b>	(1,424)
Share-based payments granted to employees	34	<b>50</b>	90
<b>Shareholders' funds at end of period</b>	<b>37,407</b>	<b>35,786</b>	36,688

## **Notes to the Unaudited Interim Statements**

### **1. Basis of preparation**

This interim financial information comprises the condensed consolidated balance sheets at 30 September 2015, 30 September 2014 and 31 March 2015 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 2015 annual 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 2016 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 2016.

The Interim Report was approved by the Board on 19 November 2015.

### **Section 245 Statement**

The comparative figures for the financial year ended 31 March 2015 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 - Six months to 30 September 2015

	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
<b>External revenue</b>	7,891	2,261	7,575	-	17,727
Operating profit before amortisation and non-trading items	<b>582</b>	<b>545</b>	<b>(13)</b>	-	<b>1,114</b>
Amortisation of intangible assets	-	-	(72)	-	(72)
Amortisation and non-trading items	-	-	(72)	-	(72)
<b>Segment operating profit</b>	582	545	(85)	-	1,042
Gain on sale of FOGL shares	-	-	-	388	388
Share of results of joint venture	106	-	-	-	106
<b>Profit before finance income and expense</b>	688	545	(85)	388	1,536
Finance income	109	-	-	-	109
Finance expense	(69)	(160)	(3)	-	(232)
<b>Segment profit before tax</b>	728	385	(88)	388	1,413
<i>Assets and liabilities</i>					
Segment assets	28,560	19,059	13,407	7	61,033
Segment liabilities	(9,990)	(9,864)	(3,216)	(556)	(23,626)
<b>Segment net assets</b>	18,570	9,195	10,191	(549)	37,407
<i>Other segment information</i>					
Capital expenditure					
Property, plant and equipment	797	88	188	-	1,073
Investment properties	10	-	-	-	10
Computer Software	-	-	-	-	-
Depreciation	342	212	166	-	720
Amortisation of non-trading items	-	-	72	-	72

<b>Underlying profit before tax</b>	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	582	545	(13)	-	1,114
Share of results of Joint Venture	106				106
<b>Profit before finance income and expense</b>	<b>688</b>	<b>545</b>	<b>(13)</b>	-	<b>1,220</b>
Finance income	109	-	-	-	109
Finance expense	(69)	(160)	(3)	-	(232)
<b>Segment underlying profit before tax</b>	<b>728</b>	<b>385</b>	<b>(16)</b>	-	<b>1,097</b>

## 2. Segmental revenue and profit analysis (continued)

Unaudited - Six months to 30 September 2014

	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
<b>External revenue</b>	<b>8,478</b>	<b>2,295</b>	<b>7,469</b>	-	<b>18,242</b>
Operating profit before amortisation and non-trading items	441	469	424	-	1,334
Amortisation of intangible assets	-	-	(72)	-	(72)
Amortisation and non-trading items	-	-	(72)	-	(72)
<b>Segment operating profit</b>	<b>441</b>	<b>469</b>	<b>352</b>	-	<b>1,262</b>
Share of results of joint venture	77	-	-	-	77
<b>Profit before finance income and expense</b>	<b>518</b>	<b>469</b>	<b>352</b>	-	<b>1,339</b>
Finance income	97	-	-	-	97
Finance expense	(60)	(120)	(24)	-	(204)
<b>Segment profit before tax</b>	<b>555</b>	<b>349</b>	<b>328</b>	-	<b>1,232</b>
<i>Assets and liabilities</i>					
Segment assets	22,353	15,302	14,303	3,632	55,590
Segment liabilities	(8,134)	(6,531)	(4,702)	(437)	(19,804)
<b>Segment net assets</b>	<b>14,219</b>	<b>8,771</b>	<b>9,601</b>	<b>3,195</b>	<b>35,786</b>
<i>Other segment information</i>					
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 of non-trading items	-	-	72	-	72
<b>Underlying profit before tax</b>					
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	97	-	-	-	97
Finance expense	(60)	(120)	(24)	-	(204)
<b>Segment underlying profit before tax</b>	<b>555</b>	<b>349</b>	<b>400</b>	-	<b>1,304</b>

## 2. Segmental revenue and profit analysis (continued)

Audited - Year ended 31 March 2015

	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
<b>External revenue</b>	18,506	4,301	15,753	-	38,560
Operating profit before amortisation and non-trading items	1,312	1,032	1,239	-	3,583
Board restructuring costs	-	-	-	(234)	(234)
Amortisation of intangible assets	-	-	(142)	-	(142)
Amortisation and non-trading items	-	-	(142)	(234)	(376)
<b>Segment operating profit</b>	1,312	1,032	1,097	(234)	3,207
Gain on sale of FOGL shares	-	-	-	711	711
Share of results of joint venture	180	-	-	-	180
Profit before finance income and expense	1,492	1,032	1,097	477	4,098
Finance income	177	3	7	-	187
Finance expense	(113)	(239)	(39)	-	(391)
<b>Segment profit before tax</b>	1,556	796	1,065	477	3,894
<i>Assets and liabilities</i>					
Segment assets	26,439	15,937	13,785	1,512	57,673
Segment liabilities	(9,737)	(7,277)	(3,452)	(519)	(20,985)
<b>Segment net assets</b>	16,702	8,660	10,333	993	36,688
<i>Other segment information</i>					
Capital expenditure					
Property, plant and equipment	2,090	1,483	516	-	4,089
Investment properties	508	-	-	-	508
Computer software	-	-	132	-	132
Depreciation	752	349	325	-	1,426
Amortisation of non-trading items	-	-	142	-	142

	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
<b>Underlying profit before tax</b>					
Segment operating profit before tax, amortisation and non-trading items	1,312	1,032	1,239	-	3,583
Share of results of Joint venture	180	-	-	-	180
Profit before finance income and expense	1,492	1,032	1,239	-	3,763
Finance income	177	3	7	-	187
Finance expense	(113)	(239)	(39)	-	(391)
<b>Segment underlying profit before tax</b>	1,556	796	1,207	-	3,559



### 3. Finance income and expense

	Unaudited 6 months to 30 September 2015 £'000	Unaudited 6 months to 30 September 2014 £'000	Audited Year ended 31 March 2015 £'000
Bank interest receivable	11	17	15
Finance lease interest receivable	98	80	172
<b>Total finance income</b>	<b>109</b>	<b>97</b>	<b>187</b>
Interest payable on bank loans	(46)	(13)	(17)
Interest cost on pension scheme liabilities	(60)	(60)	(107)
Amortisation of loan fees	-	(8)	(15)
Finance lease interest payable	(121)	(123)	(246)
Unwinding of deferred consideration payable	(5)	-	(6)
<b>Total finance expense</b>	<b>(232)</b>	<b>(204)</b>	<b>(391)</b>
<b>Net financing cost</b>	<b>(123)</b>	<b>(107)</b>	<b>(204)</b>

### 4. Taxation

The taxation charge has been estimated to be 23.0% (2014: 24.0%).

### 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'):

	Unaudited 6 months to 30 September 2015 £'000	Unaudited 6 months to 30 September 2014 £'000	Audited Year ended 31 March 2015 £'000
Weighted average number of shares in issue	12,431,623	12,431,623	12,431,623
Less: shares held in Treasury	(18,381)	(18,381)	(18,381)
Less: shares held under the ESOP	(28,016)	(28,016)	(28,016)
Average number of shares in issue excluding the ESOP	12,385,226	12,385,226	12,385,226
Maximum dilution with regards to share options	25,523	79,092	60,871
<b>Diluted weighted average number of shares</b>	<b>12,410,749</b>	<b>12,464,318</b>	<b>12,446,097</b>

## 5. Earnings per share (continued)

	Unaudited 6 months to 30 September 2015 £'000	Unaudited 6 months to 30 September 2014 £'000	Audited Year ended 31 March 2015 £'000
<b>Underlying profit before tax</b>	<b>1,097</b>	1,304	3,559
Tax thereon	<b>(250)</b>	(310)	(825)
<i>Tax rate</i>	23%	24%	23%
<b>Underlying profit after tax</b>	<b>847</b>	994	2,734

Basic earnings per share on underlying profit	6.8p	8.0p	22.1p
Diluted earnings per share on underlying profit	<b>6.8p</b>	8.0p	22.0p

### Analysis of Taxation charge

Taxation on underlying profits	<b>(250)</b>	(310)	(825)
Taxation related to amortisation and non-trading items	<b>14</b>	13	75
<b>Total taxation charge</b>	<b>(236)</b>	<b>(297)</b>	<b>(750)</b>

## 6 Shares held in Falkland Oil and Gas

At 30 September 2014, the Group held 12,825,000 shares in Falkland Oil and Gas. In March 2015, 7,825,000 shares were sold for a profit of £711,000, and in April 2015, the remaining 5,000,000 shares were sold for a profit of £388,000. Over the course of the 11 years since FOGL's flotation in 2004, the Group generated over £8 million in cash proceeds and over £5 million in profit from its investment.

	30 September 2015 £'000	30 September 2014 £'000	31 March 2015 £'000
FOGL share price	-	28.3p	30.0p
Number of shares held by Group	-	12,825,000	5,000,000
Investment stated at fair value:	-	3,623	1,500
Investment stated at cost:	-	2,586	1,008

## 7 Employee benefits

The Company has elected to follow precedent and decided not to revalue its pension obligations at the half-year. 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 cash / HP and long term finance leases

	As at 1 April 2015 £'000	Cash flows £'000	As at 30 September 2015 £'000	As at 30 September 2014 £'000
<b>Cash at bank and in hand</b>	<b>7,435</b>	<b>3,315</b>	<b>10,750</b>	<b>4,097</b>
Debt due within one year - Bank loans	(137)	(255)	(392)	(527)
Debt due within one year - Hire purchase	(126)	16	(110)	(123)
Debt due within one year - Pontoon Lease	(30)	(1)	(31)	(29)
Debt due after one year - Bank loans	(598)	(2,471)	(3,069)	-
Debt due after one year - Hire Purchase	(154)	46	(108)	(218)
Debt due after one year - Pontoon Lease	(4,828)	16	(4,812)	(4,843)
<b>Net cash / HP &amp; long term finance leases at end of period</b>	<b>1,562</b>	<b>666</b>	<b>2,228</b>	<b>(1,643)</b>
Bank Debt	(735)	(2,726)	(3,461)	(527)
Cash	7,435	3,315	10,750	4,097
<b>Net cash</b>	<b>6,700</b>	<b>589</b>	<b>7,289</b>	<b>3,570</b>
Hire purchase and long term finance leases				
Hire Purchase Leases	(280)	62	(218)	(341)
Pontoon Lease	(4,858)	15	(4,843)	(4,872)
Total Hire purchase and long term finance leases	(5,138)	77	(5,061)	(5,213)
<b>Net cash / HP &amp; long term finance leases at end of period</b>	<b>1,562</b>	<b>666</b>	<b>2,228</b>	<b>(1,643)</b>

## 9 Capital commitments

At 30 September 2015 the Group had no capital commitments (2014: £604,000 due to the boat yard for the new vessel), which have not been provided for in these financial statements.

## Directors and Corporate Information

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Edmund Rowland *Chairman*  
John Foster *Managing Director*

Jeremy Brade *Non-executive Director*

### Company Secretary

Carol Bishop

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