FIH GROUP PLC

ANNUAL REPORT
2018

Contents

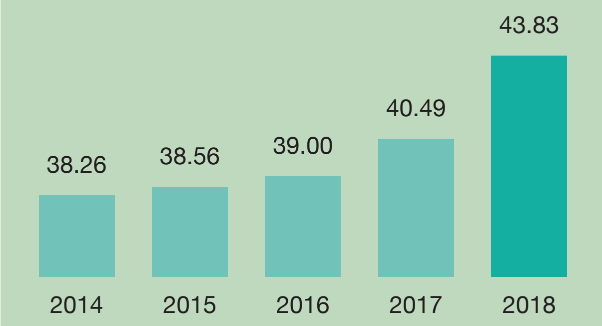
Financial Highlights

FOR THE YEAR ENDED 31 MARCH 2018

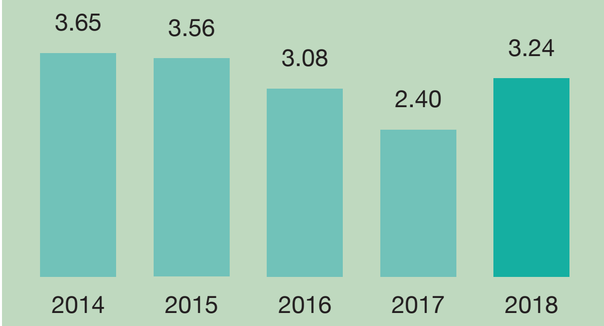
	2018 £m	2017 £m	Change %
Turnover from continuing operations	**43.83**	40.49	8.2
Profit before tax	**3.30**	1.89	74.7
Underlying profit before tax*	**3.24**	2.40	35.0
Diluted earnings per share before goodwill amortisation and non-trading items	**19.7p**	15.3p	28.5
Cash flow from operations	**4.26**	2.46	72.9

*Defined as profit before tax, amortisation and non-trading items.

Turnover (£'m)

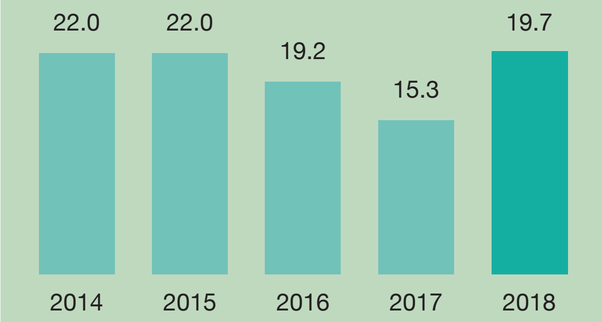


Underlying profit before tax* (£'m)

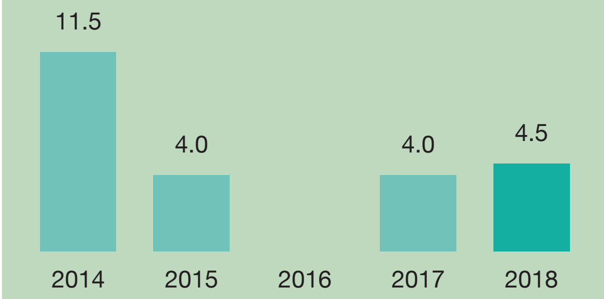


Diluted earnings per share (pence)

before amortisation and non-trading items



Dividends per share (pence)



Chairman's Statement 2018

It is a great pleasure to make my first report to you as Chairman of FIH group. Having taken up the position of Chairman in September 2017, I have greatly enjoyed getting to know the people across the group's operations and seeing at first hand the unique and niche businesses that make up this fascinating and diverse trading group.

I also am delighted to report that the group has enjoyed a very encouraging year with revenues reaching record levels of £43.8 million and profits before non-trading items and tax recovering strongly, increasing by 35% on the prior year to £3.2 million.

All three operating businesses performed well and it was particularly pleasing to see a sharp improvement in profits at the group's art handling business, Momart and at the Falkland Islands Company after quieter trading in the previous year. The group's cash flow was also strong and the group closed the year in a healthy financial position with modest bank borrowings of £3.3 million, reduced by £0.5 million in the year, and cash balances of £17.0 million, an increase of £1.9 million compared to the position at 31 March 2017.

In line with the improved trading, underlying earnings per share saw a sharp uplift to 19.9 pence per share compared to 15.4 pence in the prior year.

Having reinstated the payment of dividends in September 2017 with the announcement of a full year dividend of 4.0 pence per share, I am pleased to announce that reflecting the improved trading in the year to 31 March 2018, a final dividend of 3.0 pence per share will be proposed at our forthcoming Annual General Meeting on 30 August 2018. This will take the total dividend paid in respect of the 2017-18 financial year to 4.5 pence, an increase of 12.5% over the prior year.

Full details of the group's financial performance in the year to 31 March 2018 and the outlook for the current year are provided in the Chief Executive's Strategic Review on pages 4 to 15. Shareholders should note that there is an element of recovery and cyclically strong income in these results however, such that we cannot use them as reliable method of forecasting the 2019 trading outcome.

Corporate governance remains a key priority of the FIH board and as new Chairman I am keen that FIH group operates to high standards appropriate for a public company of its size and complexity. From September 2018, all AIM companies will be required to publicly state on their website which recognised corporate governance code they adhere to and to explain any instances of non-compliance. I am pleased to report that FIH group already does this and complies with the principles of the Quoted Companies Alliance ("QCA") Corporate Governance Code which is the standard deemed appropriate by independent professional bodies for larger AIM companies. The QCA Code was updated in April 2018 and we are reviewing any changes in detail before updating our website. Transparency, independence and fairness will remain at the heart of how your board operates and we will provide an update on our website detailing any changes in how we operate after our AGM on 30 August.

With respect to the strategic development of the group we have been actively seeking suitable acquisitions that will augment the current operations and provide a pathway to long term and sustainable growth. However the board is mindful of the need to avoid over paying for any business and also that our focus is opportunistic but mainly on businesses with steady revenue that can match that of our existing operations. Combined with our very limited group resource, this means that we cannot guarantee to acquire on any predictable timescale. A number of interesting opportunities were investigated during the year and one in particular was progressed to a final offer stage but ultimately none have met the board's demanding criteria. We will continue to search on the above basis for an appropriate high quality business to strengthen the group and further increase its appeal to investors.

As new Chairman I greatly look forward to the continuing dialogue with our shareholders and to gaining a greater understanding of their objectives in the coming months.

Robin Williams
Chairman
12 June 2018

Chief Executive's Strategic Review

BUSINESS REVIEW

Group Overview

I am pleased to report a year of encouraging growth in revenue and profitability across the FIH group with all three trading subsidiaries performing well. Group revenues increased by £3.3 million to £43.8 million (2017: £40.5 million) and underlying pre-tax profits, rose by 35% to £3.2 million (2017: £2.4 million) helped by stronger trading in the Falklands and a marked improvement in performance at the group's fine art handling business, Momart.

With a small profit on the sale of surplus spare parts at the Gosport Ferry, and the absence of any exceptional costs, reported profits before tax, were £3.3 million (2017: £1.9 million).

Operating cash flow remained strong and the group ended the year with record levels of cash of £17.0 million (2017: £15.1 million).

Earnings per share also rose sharply from 15.4 pence per share to 19.9 pence per share. In line with the board's policy, a final dividend of 3.0 pence per share is recommended for approval by shareholders at the Company's AGM on 30 August 2018, which will take the total dividend for the year to 4.5 pence per share (2017: 4.0 pence) representing an increase of 12.5% on last year.

In the Falklands, with minimal direct expenditure from oil exploration, fishing and tourism resumed their traditional importance as drivers of economic activity and the Falkland Islands Company ("FIC") continued its role as the leading provider of retail, consumer and business support services in the Islands. With only limited economic growth and continuing competition in each of its business areas, FIC's profitability was lifted by a richer sales mix particularly from house sales and by enhanced operational efficiency. As a result pre-tax profits in FIC rose by 23% from £1.09 million to £1.34 million.

In the UK, at the Portsmouth Harbour Ferry Company ("PHFC"), profitability was maintained despite a continuing decline in passenger numbers and cash flow remained strong. After finance lease costs relating to the pontoon and interest on long term boat loans, PHFC pre-tax profits were flat year on year at £0.9 million.

At Momart, the company enjoyed a bumper year with high levels of exhibition installation work from UK museums and continued growth from commercial galleries, auction houses and fine art collectors. Storage revenues also increased despite two important clients relocating their collections to more convenient locations outside London. As a result Momart's revenues reached a record £21.2 million and there was a sharp improvement in profitability with pre-tax profits rising from £0.44 million to £1.04 million.

Review of operations

Group revenue and Underlying Pre-Tax profits* are analysed below:

Group revenue Year ended 31 March	**2018** **£m**	2017 £m	Change %
Falkland Islands Company ("FIC")	**18.26**	17.82	2.4
Portsmouth Harbour Ferry ("PHFC")	**4.35**	4.29	1.5
Momart	**21.22**	18.38	15.5
Total Revenue	**43.83**	40.49	8.2
Group underlying pre-tax profit*			
Falkland Islands Company**	**1.34**	1.09	23.2
Portsmouth Harbour Ferry**	**0.86**	0.87	-1.3
Momart**	**1.04**	0.44	136.2
Total Underlying Pre Tax Profit*	**3.24**	2.40	35.0
Non trading items (see notes below)	**0.06**	-0.51	-112.0
Reported Profit Before Tax	**3.30**	1.89	74.7

* Underlying Pre-Tax Profit is defined as, profit before tax, before amortisation of intangibles and non–trading items, and includes a share of the operating contribution from SAtCO, the group's Joint Venture with Trant Construction in the Falkland Islands.

** As part of our normal reporting procedures, the basis of allocation of head office costs to the group's three operating companies was reviewed and adjusted to produce a more up to date and accurate reflection of how resources are deployed. These changes have no impact on the group's total profitability, but small changes in the weight of costs allocated to each company have been applied, to both the current and prior year profits for each subsidiary on a consistent basis.

In the current year, non-trading items related to £0.06 million of profits on asset disposals. In the prior year, £0.51 million of non-trading items arose linked largely to £0.53 million of professional costs dealing with the failed takeover bid by Staunton Holdings.

Falkland Islands Company

In the Falklands the economy was supported by its traditional sources of revenue from squid fishing and tourism. Both sectors remained buoyant in the year with an increased illex squid catch in April / May 2017 and a further uplift in the number of cruise passengers visiting the Islands.

In the absence of any direct oil stimulus, overall consumer demand was relatively flat year on year but good progress was made in FIC's retail business through a focus on increased supply chain efficiency, improved buying and enhancing the sales mix. The other key area of improvement was in house building where the continued provision of subsidised housing plots from the Falklands government saw housing sales reach record levels, with 22 houses being completed in the financial year (2017: 17). In overall terms FIC performed well with its pre-tax contribution rising from £1.09 million in the prior year to £1.34 million.

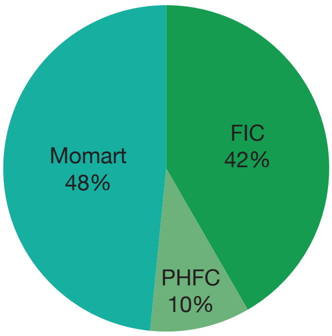
Oil Development

Although the group has no direct interest in any of the oil licences in the Falklands and no longer has any shares in Falklands' oil exploration companies, the future of oil development in the Falkland Islands is a significant potential value driver for both the wider Falklands economy and by extension for FIC.

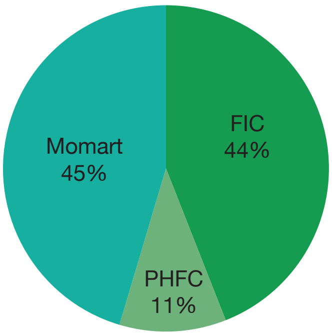
In the Falklands, Premier Oil and Rockhopper Exploration, the UK companies who are developing the one billion barrel Sea Lion field, made good progress with extensive project development and engineering design works contributing to the substantial completion of the Field Development Plan for Sea Lion. During the year, Premier secured substantive agreement with the Falkland Islands government on fiscal and environmental issues linked to Sea Lion after extensive public consultation on environmental matters.

At a technical level the development of Sea Lion is considered "straightforward" and its future development will depend on the commercial viability and relative attraction of the project. With ongoing geo-political uncertainty in the Middle East and a steady rise in oil prices in the past year, the outlook for an early development of Sea Lion looks increasingly positive. A final decision on Sea Lion is expected from Premier Oil in the first half of 2019.

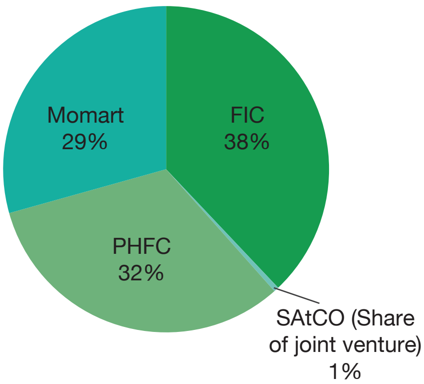
Group revenue 2018



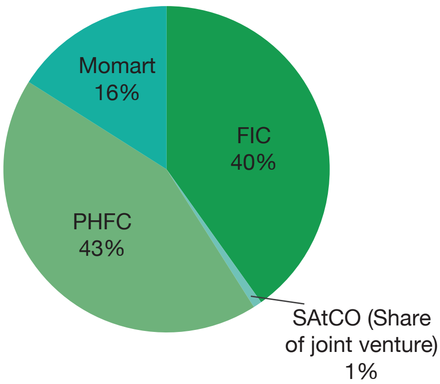
Group revenue 2017



Underlying operating profit 2018



Underlying operating profit 2017



Chief Executive's Strategic Review

BUSINESS REVIEW

Trading in Detail

Overall revenue in FIC increased 2.4% to £18.3 million (2017: £17.8 million).

FIC Operating results

Year ended 31 March	2018 £m	2017 £m	Change %
Revenues			
Retail	**9.19**	9.14	0.6
Falklands 4x4	**2.92**	3.02	-3.5
FBS (Property & Construction)	**2.95**	2.68	10.0
Freight & Port Services	**0.94**	0.93	0.6
Support Services	**1.78**	1.63	9.4
Property Rental	**0.48**	0.42	13.0
Total FIC Revenue	**18.26**	17.82	2.4
FIC underlying operating profit	**1.39**	1.14	21.9
Share of results of SAtCO JV	**0.02**	0.02	-
Net interest expense	**-0.07**	-0.07	-
FIC underlying Profit Before Tax	**1.34**	1.09	23.2
FIC underlying operating profit margin	**7.6%**	6.4%	19.0

Total retail sales for the year to 31 March 2018 increased by 0.6% to £9.2 million, and FIC Retail enjoyed a buoyant second half where sales were ahead by 6.9% more than offsetting the declines experienced in H1.

West Store retail sales benefited from strong second half trading with revenues in H2 ahead by 8% compared to the prior year despite a slow-down in spending on higher value electrical goods and clothing. Given the recent expansion of the West Store's principal competitor in the prior year the recovery in sales was particularly encouraging.

Warehouse sales to local retailers and pubs (10% of West Store sales) saw a very healthy 22% increase as the warehouse team in Stanley made good progress in increasing local market share whilst at the same time maintaining and improving gross margins.

Sales at the **Capstan gift shop** decreased by 3.4%. Sales at FIC's general store at the Mount Pleasant military base dropped by 6% although an improvement in margins helped mitigate the decline in overall contribution.

After a more buoyant performance in 2016-17, linked to the timing of housing completions, sales at Home Living fell back to more normal levels declining by 32% albeit as in other retail units, gross margins were much improved. At FIC's Builder's Merchant **"Home Builder"**, increased house building activity and new store management contributed to a 6% improvement in sales.

With the strong performance from FIC's flagship West Store and the greatly increased focus on enhancing margins by improved buying and waste reduction, the overall performance of FIC's retail business was much improved on the prior year and was the biggest single factor driving the increase in contribution at FIC.

FIC's automotive business, **Falklands 4x4**, operated at a similar level to the prior year with overall revenues 3.5% lower at £2.92 million (2017: £3.02 million). 77 vehicles were sold in the year although new car sales dropped from 29 to 20 units and the sales volumes of motorbikes and quad bikes also fell. Vehicle maintenance income also saw a small decline, however, part sales increased and vehicle hire saw strong growth with FIC's fleet of 49 modern vehicles seeing a marked increase in utilisation from both corporate and private hire customers. In overall terms the contribution from FIC's 4x4 business increased modestly in the year.

The Emerald Princess departing the Falkland Islands, after receiving agency services provided by FIC.

Falkland Building Services (FBS), which focusses on building kit homes and small local construction projects, had an exceptional year. With a record number of housing completions (22 vs 17 last year), revenues increased by 10% to £2.95 million (2017: £2.68 million). With new house sales at £2.20 million (2017: £1.92 million) the average price paid for the construction of houses was just £0.1 million per house. Revenues from small contracts and government work for FIG remained at healthy levels of £0.75 million (2017: £0.76 million).

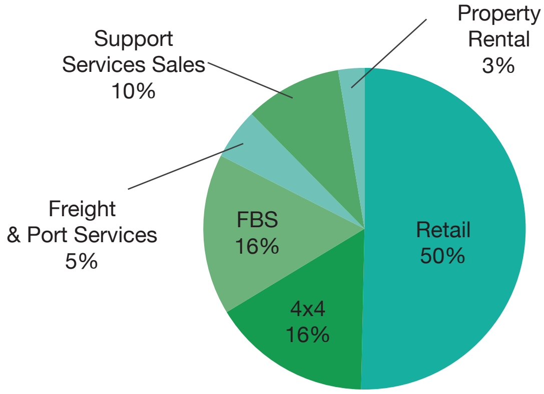
Income from **third party freight and port services** was largely unchanged at £0.94 million, as an increase in southbound cargo traffic offset the reduction in northbound oil related traffic seen at the start of the prior year.

Support Services income increased by 9.4% to £1.78 million (2017: £1.63 million) helped by the stronger illex squid catch in April and May 2017 which generated an increase in Fishing Agency revenues. Penguin Travel which provides agency services to cruise ship operators and visiting tourists also had another satisfactory year; its revenues were ahead by 5% despite the lower translated value of its dollar income. Steady progress was also seen at FIC's insurance agency and in financial services.

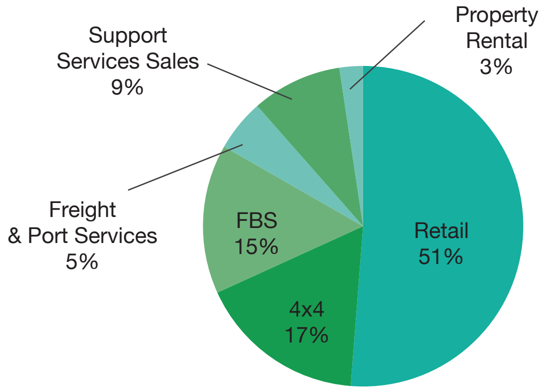
Rental income from FIC's estate of 49 **rental properties** (which include 10 mobile homes rented to staff), increased by 13% to £0.48 million (2017: £0.42 million) as occupancy levels recovered reaching an average of 89% (2017: 81%) as local tenants replaced outgoing corporate lets following the impact of departing oil workers which had depressed revenues in the prior year.

With the current hiatus in oil exploration activity, FIC's joint venture, the **South Atlantic Construction Company**, ("SAtCO") remained largely inactive and SAtCO's contribution in the year was minimal at £0.02 million, unchanged from the prior year.

FIC revenues 2018



FIC revenues 2017



A house built by FBS.

Chief Executive's Strategic Review

BUSINESS REVIEW

FIC Key Performance Indicators and Operational Drivers

Year ended 31 March	2014	2015	2016	2017	2018
Staff Numbers (FTE 31 March)	165	184	172	151	**146**
Capital Expenditure £'000	2,715	2,598	1,229	578	**389**
Retail Sales Growth %	-4.8%	3.0%	1.3%	-5.4%	**0.6%**
Number of FIC Rental Properties	36	50*	50*	51*	**49***
Average occupancy during the year	82%	93%	93%	81%	**89%**
Number of vehicles sold	79	76	110	77	**77**
Number of 3rd party houses sold	8	16	12	17	**22**
Illex Squid catch in tonnes (000's)	188.0	364.0	235.2	30.1	**75.5**
Cruise ship passengers (000's)	39.5	50.0	56.5	55.6	**57.5**

*Includes ten mobile homes rented to staff.

FIC ended the year with a headcount of 146, 5 lower than in March 2017. Of the 146 headcount, Retail accounted for 65, Falklands 4x4 18 and FBS 28, and 35 in Support Services and administration.

In overall terms the group's Falkland operations performed well despite the absence of major growth drivers during the year and demonstrated their resilience and capacity for sustainable, profitable trading.

Portsmouth Harbour Ferry Company

PHFC achieved another steady financial performance in 2017-18 with total revenue increasing by 1.5% and with a 3.6% decline in passenger numbers being more than offset by increases in the yield from ferry fares. Profit Before Tax, after pontoon lease and boat loan interest charges, was 1.3% behind the prior year at £0.86 million (2017: £0.87 million).

2017-18 saw a continued decline in ferry passenger numbers, with volumes slipping further over the winter months due the poor late winter weather after an initial slowing in summer 2017. Overall annual passenger volumes declined by 3.6% reducing total passenger journeys in the year to 2.6 million (an average of 50,000 passengers per week), from 2.7 million in the prior year. The rate of decline was lower than the 4.1% reduction seen last year but the anticipated boost from the arrival of the navy's new aircraft carrier, HMS Queen Elizabeth, was more than offset by economic and demographic pressures which have seen an ongoing decline in local employment particularly related to the reduction in operational military support facilities in the Gosport area.

PHFC Operating Results Year ended 31 March	**2018 £m**	2017 £m	Change %
Revenues			
Ferry fares	**4.14**	4.13	0.3
Cruising & Other revenue	**0.21**	0.16	30.1
Total PHFC Revenue	**4.35**	4.29	1.5
PHFC underlying operating profit	**1.18**	1.22	-3.2
Boat loan & Pontoon finance lease interest	**-0.32**	-0.35	-8.1
PHFC underlying Profit before tax	**0.86**	0.87	-1.3
Passengers carried (000's)	**2,612**	2,710	-3.6

Despite the overall decline of 3.6%, weekend traffic held up well with volumes reducing by only 1.3% compared to a decline of 4.5% in weekday travelling. Off-peak non-commuter volumes which account for 45% of all ferry journeys experienced the greatest reductions.

Ferry fares were increased by an average of 3% in June 2017 to cover the inflationary rise in operating costs. These annual fare increases brought the total cost of a standard adult return to £3.50, and the price of Adult 10 Trip tickets for regular customers to £15.50 (£1.55 per ferry journey), Discounted tariffs for seniors and children were also increased by 10p (£2.40/£2.30) per return journey. Monthly and quarterly season tickets which offer compelling value for frequent users at c.£2 per day for unlimited ferry access (priced at £63 and £175 respectively) continued to be offered although uptake remains low.

During the year significant efforts were made to advertise the benefits of travel by ferry with popular "drive time" advertising on local radio supplemented by joint promotions with local visitor attractions including theatres and restaurants in Portsmouth offering discounts to ferry passengers. Social media including Facebook, Twitter, Instagram and email, were all actively employed to raise awareness of the ferry, advertise special offers and to promote local events and attractions around the harbour where the ferry offers convenient access. Facebook in particular was used for targeted advertising to specific local groups within the ferry catchment area. The general thrust of ferry marketing is to remind people of the real attractions of ferry travel as well as highlighting special offers, promotions and events to stimulate increased ferry usage.

The annual "Bikes Go Free" promotion (10 Trip tariff: 38p per trip) was once more offered with a reduced, "free" period down from the previous 3 months to the 6 weeks of the school holidays. The promotion was nonetheless a success and cyclist passenger journeys increased over the prior year by more than 10% taking cyclist usage to over 11% of all ferry passenger journeys.

The company also continued to promote its unlimited monthly ferry and car parking joint "Park & Float" ticket which allows passengers to travel to the ferry terminal by car, park in nearby council car parks in Gosport and then travel across the harbour on the ferry. This monthly ticket offers outstanding value for money at £92 providing parking and ferry travel for c. £3 per day for regular users, but despite a small increase in patronage, the total take up remained modest at just over 1% of ferry passenger traffic.

Helped by the growth in military personnel linked to the arrival of HMS Queen Elizabeth at the Portsmouth naval base, the discounted ticket for military personnel saw modest increased usage with volumes increasing by 2.4% over the year, representing 4.0% of total ferry passenger journeys.

In contrast, and after experiencing initial popularity, demand for the Solent Go regional travel card slipped back 6% in the year as this "Oyster" type system was increasingly replaced by the use of contactless payments across the local transport network. Solent Go usage accounted for less than 4% of ferry journeys in the year.

In overall terms, at under £1.55 per crossing for regular adult travellers (using the 10 Trip ticket) and 88p for seniors and children (using 10 Trip tickets) the ferry service still represents excellent value compared to any alternative mode of transport other than for groups travelling by car with free or subsidised parking.

For those wishing to travel from Gosport to Portsmouth (or in the reverse direction) the car continues to be the only serious transport alternative to travelling by ferry and it remains PHFC's main "competitor" in providing cross-harbour transport. The Park & Ride scheme operated by Portsmouth City Council offers commuters, leisure travellers and shoppers convenient access to central Portsmouth at a modest and heavily subsidised cost. With Park & Ride prices per car set as low as £3 and with the added convenience of a regular 10 minute bus service to Portsmouth town centre and the Gunwharf Quays shopping centre, the scheme offers compelling convenience and value to families especially when there are more than two passengers per vehicle. As such the scheme continues to have a direct, adverse impact on ferry passenger volumes.

Leisure cruises in the Solent during the summer months continued to prove popular. Utilising the "spare" ferry vessel, Spirit of Portsmouth, the 36 summer cruises again created a modest but welcome additional contribution to ferry profitability. Together with ferry advertising revenue, cruising and other income increased by 30.1% from £0.16 million to £0.21 million.

The company also disposed of surplus equipment and spare parts used in former vessels generating additional non-recurring income in the year. The profit on sale of £0.06 million is included in non-trading income.

During the year significant work was undertaken to refurbish the company owned landing stage and pontoon on the Portsmouth side of the harbour at Portsea. Work to repair and renew the pontoon which provides direct passenger access to the ferry progressed well with minimal disruption to passengers. These refurbishment works are now substantially complete with final works scheduled to be concluded by late 2018 and will provide the ferry company and its passengers with a modernised safe and convenient ferry access for many years to come.

With its programme of fleet modernisation and renewal of its operating infrastructure largely completed the ferry company is well positioned to continue to provide a first class service to its passengers.

Harbour Spirit.

Chief Executive's Strategic Review

BUSINESS REVIEW

Key Operating Metrics

Average fare yield per passenger journey increased by 3.9% to £1.58 (2017: £1.52).

Ferry reliability was again outstanding with on-time departures running at 99.8% (2017: 99.9%).

PHFC Key Performance Indicators and Operational Drivers

Year ended 31 March	2014	2015	2016	2017	2018
Staff Numbers (FTE 31 March)	37	39	38	38	**38**
Capital Expenditure £'000	1,958	1,483	223	241	**186**
Ferry Reliability (on time departures)	99.7%	99.8%	99.8%	99.9%	**99.8%**
Number of weekday passengers '000	2,169	2,123	2,046	1,967	**1,878**
% change on prior year	-2.7%	-2.1%	-3.6%	-3.9%	**-4.5%**
Number of weekend passengers '000	817	800	780	744	**734**
% change on prior year	-1.8%	-2.1%	-2.5%	-4.6%	**-1.3%**
Total number of passengers '000's	2,986	2,923	2,826	2,710	**2,612**
% change on prior year	-1.6%	-2.1%	-3.3%	-4.1%	**-3.6%**
Revenue growth %	1.2%	4.3%	1.3%	1.0%	**1.5%**
Average yield per passenger journey*	£1.32	£1.41	£1.45	£1.52	**£1.58**

*Total ferry fares divided by the total number of passengers

Momart

Momart, the group's art handling and logistics business, delivered an impressive improvement on the prior year with revenues increased by £2.8 million (+15.5%) and operating profit more than doubled to £1.07 million. Overall revenues rose to £21.2 million (2017: £18.4 million) fuelled by an exceptional level of large installations for leading UK museums and institutions and continued growth in the sale of services to commercial galleries and collectors. Storage revenues also grew as the company's newly expanded storage facilities in Leyton attracted new customers and over the year £0.17 million (+8.5%) of net incremental storage revenue was added albeit this was still not sufficient to fully cover ongoing annual operating costs at the new facility of £0.4 million.

Net finance costs in the year were once again negligible with interest costs arising from vehicle leases and bank interest on the 10 year bank loan taken out to finance the fit out of the new warehouse at Leyton.

Underlying Profit Before Tax before amortisation of intangibles was £1.04 million; more than double the £0.44 million reported in 2017.

Momart Operating results

Year ended 31 March	**2018 £m**	2017 £m	Change %
Revenues			
Museum Exhibitions	**11.77**	10.06	17.0
Galleries & Private Clients	**7.25**	6.29	15.2
Storage	**2.20**	2.03	8.5
Total Momart Revenue	**21.22**	18.38	15.5
Momart underlying operating profit	**1.07**	0.45	136.4
Net interest expense	**-0.03**	-0.01	142.9
Momart underlying Profit Before Tax	**1.04**	0.44	136.2
Momart underlying opertaing profit margin	**4.9%**	2.4%	104.6

Museum Exhibitions

After a good first half with Exhibitions revenues increasing by 5.5%, Momart enjoyed a particularly strong second half with museum and institutional revenues ahead by an exceptional 29.4% to produce another record year with total Exhibition revenues of £11.77 million (2017: £10.06 million). Large UK museum exhibitions again produced the bulk of the increase with the top 10 UK institutions accounting for 59% of revenues (2017: 55%) with commissions from Tate Modern, The Royal Academy and The V&A playing a leading role in driving this increase in revenue. Work with overseas museums, either directly or through agents grew by £0.37 million and accounted for a largely unchanged proportion (27%) of Exhibitions revenue (2017: 28%). Services to smaller UK museums accounted for 14% of Exhibitions revenue (2017: 17%).

This exceptional level of Exhibitions revenue underlines Momart's trusted position with the UK's leading fine art institutions and also represents a level which will be hard to improve upon on the coming year as clients seek to avoid complete reliance on any single fine art handling business. In planning and co-ordinating these large complex exhibitions in which art is sourced globally from leading collectors and institutions, Momart works closely with trusted agents and partners based overseas who are responsible for delivery to the UK for final installation by Momart. Of the £11.77 million of Exhibition revenue in 2017-18, 56% was outsourced to overseas partners (2017: 55%).

Despite Momart's success in securing increased volumes during the year, the museum market remains extremely competitive and institutional budgets are tightly controlled. Work is won based on demonstrable skill and expertise, the quality of tenders and on price. As a result margins remain thin particularly when work is outsourced, although in the current year the increased level of higher margin sales of Momart's own services helped lift overall gross profit.

Notable museum exhibitions delivered for UK clients in the period included the installation of "Matisse in the Studio", "Dali Duchamp" and "Charles I" at the Royal Academy, the Michelangelo exhibition at the National Gallery, "Scythian Nomads" at the British Museum, "Plywood" and "Opera" at the V&A and "Soul of a Nation", "Giacometti", "Modigliani" and Kabakov at Tate Modern.

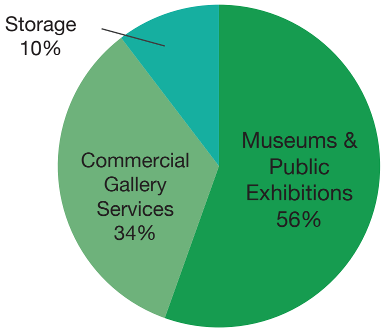
As at 31 March 2018, the value of Momart's 12 month order-bank of large UK Exhibitions stood at £4.2 million, £0.6 million lower than the prior year reflecting the return to a more normal pipeline after the exceptional levels seen in the current year. (See KPI's on the following page).

Galleries & Private Client Services

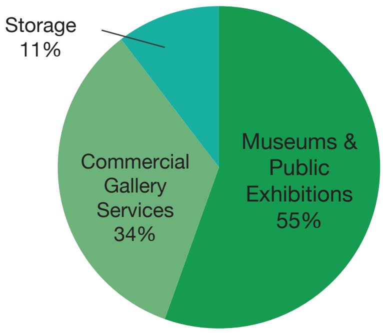
Gallery Services ("GS") had another encouraging year as confidence in the global art market returned after a period of softened demand in 2016. GS revenues increased by 15.2% to £7.25 million (2017: £6.29 million) and with strengthened demand, margin improvements from improved efficiencies and higher throughput were also delivered.

In the commercial art market, after a quieter year in 2016-17, significant additional business was secured from auction houses as interest from collectors surged and

Momart revenues 2018



Momart revenues 2017



De-installation of artwork at The Royal Academy of Arts in London.

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leading auction players moved to service this demand by rationalising their logistics supply chain and focussing on working with art handlers capable of delivering high quality services to their valued client base.

Notwithstanding the increasing importance of auction house clients, international art galleries remained Momart's most important client category and after strong sales growth in the prior year, annual revenue growth slowed to 4%. However sales to galleries still reached new record levels in the year, accounting for 1/3rd of Momart's commercial GS revenues with the top 10 galleries accounting for over 60% of revenues out of a total client list in excess of 100.

Services to private clients also remained an important component of Momart's commercial art handling business and grew by over 40% in the year across a wide spread of Ultra High Net Worth clients and for the first time Private Client sales exceeded those to living artists. Nonetheless working with artists, traditionally one of Momart's signature skill sets reflecting the company's understanding and sensitivity to the works that it handles remained a key revenue generator and sales in this core sector increased by 9% and accounted for 11% of GS's revenues.

Work with corporate and institutional clients also grew but remained a relatively small part of GS activities accounting together for 14% of GS sales

The strong sales growth seen during the year was supported by recent investment in the company's overhead base and reorganisation of its sales and client administration teams. As a result of these strong foundations much of the top line growth in revenue was translated into improved bottom line performance and overall profitability improved dramatically despite the continued drag on profits caused by the still loss making, newly opened art storage facilities at Leyton.

Storage

Storage revenues grew steadily throughout the early part of the year to reach £2.2 million at year end, an increase of £0.17 million (+8.5%). However in early 2018 two large, long standing storage clients announced plans to relocate their collections to more convenient locations outside London.

This loss of monthly rental income initially only slowed the growth in storage revenue, but once complete, the relocations will result in a loss of revenue equivalent to the incremental business won during the past year so Momart's base line annual storage revenue will revert back to £2.0 million, its position before Unit 14 was available, with all the space at the new unit 14 effectively still available for let. This setback, whilst unwelcome, reflects "normal" volatility in collectors' storage requirements and in particular does not reflect any dissatisfaction with the services offered by Momart. The company's strategy of growing storage revenues and developing deeper relationships with private collectors and commercial galleries remains valid and is still expected to bear fruit in the coming years when the ultimate filling of the new warehouse facilities will eliminate the c. £0.4 million of currently uncovered costs and at the same time lead to profitable related art handling business as collections move in and out of storage.

Once full, Momart's facilities are capable of producing a further £0.3-0.4 million in direct storage revenue per annum (bringing the maximum to £2.5- £2.6 million in total storage revenue, with almost no further additional costs) and in addition, this increased storage base offers the prospect of significant further profitable art handling business connected to the ongoing movement of storage works themselves.

With annual fixed costs of c. £0.4 million, Momart's new storage operations are highly operationally leveraged and although a complete fill of unit 14 is unlikely to be achieved within one year, our urgent focus will be to secure the maximum amount of new storage revenue possible with the object of making further significant improvements to Momart's bottom line over the next 2-3 years.

Momart Key Performance Indicators and Operational Drivers

Year ended 31 March	2014	2015	2016	2017	**2018**
Staff Numbers (FTE 31 March)	125	129	130	131	**136**
Capital Expenditure £'000	260	648	402	971	**228**
Warehouse % fill vs capacity	92.9%	91.2%	90.6%	90.4%	**72.8%**
Exhibition Order Book 31 March	£3.9m	£3.3m	£4.5m	£4.8m	**£4.2m**
Momart services charged out	£11.7m	£9.1m	£9.2m	£9.8m	**£10.9m**
Revenues from overseas clients	£8.3m	£7.5m	£5.8m	£6.1m	**£7.1m**
Exhibitions sales growth	20.4%	-20.0%	-3.4%	19.9%	**17.0%**
Gallery Services sales growth	1.3%	-6.5%	11.8%	8.1%	**15.2%**
Storage sales growth	2.6%	1.3%	10.1%	-0.8%	**8.5%**
Total Sales Growth	12.0%	-13.7%	3.2%	13.0%	**15.5%**

Trading outlook

FIC

After an encouraging year of improving profits in 2017-18 we expect general activity in the Falklands to remain reasonably buoyant in the coming year (2018-19) and FIC's wide spread of businesses to benefit accordingly although as ever, local competition will mean any growth will be hard won.

In contrast to 2017-18, however, delays in the government's release of building plots for first time buyers will see a hiatus in house building and a reduction in third party kit home construction for FBS, a key factor behind the increase in profits in 2017-18. Although these delays represent a timing issue they are likely to have an adverse impact on profitability in the coming year. However this will allow FIC to redirect its house building team towards internal projects and the expansion of FIC's portfolio of high yielding investment properties using the company's own land in central Stanley which will increase investment returns over the long term. Beyond the coming year we anticipate a resumption of kit home construction and foresee further growth in both house building and third party property maintenance in the medium term.

Progress towards oil production in the Falklands is continuing and the commercial case for development has been strengthened by the recent recovery in oil prices to over $75 per barrel. As a long established and well financed local company with a wide spread of activities and strategic land holdings, FIC is well placed to take advantage of the new income streams that will be generated should oil exploration be given the final go ahead. A decision from the board of Premier Oil on development plans for Sea Lion is currently expected in Q2 2019.

In the domestic arena, the Falklands Government has signalled its interest in working more closely with the private sector to help progress important and much needed infrastructure investment in the Islands and we anticipate new opportunities arising over the medium term. The development of these strategic projects as they emerge over time will also provide a stimulus to the wider economy, which in turn will benefit FIC's wide spread of retail and local support services.

Squid and toothfish fishing remain key economic drivers for the Falklands and although not directly involved in the industry itself, FIC is supportive of the attempts currently being made to deepen the financial benefits brought to the Islands by increased investment and by bringing more added value services onto the Islands with a consequent boost to employment and local economic activity.

The recent improvement in relations with Argentina brought about by the more respectful and constructive approach adopted by the Macri administration in Buenos Aires has opened up the prospect of new and much needed air links from South America which has the full backing of both the Falklands government and its British counterpart. This offers the opportunity for a significant increase in land based tourism to the Islands which in time could become a key mainstay of the Islands economy. Although there is some hope that a new air service from South America may commence later in 2018, it is unlikely that if it does go ahead there will be any meaningful economic impact until 2019-20. Such developments if they can be realised also offer the prospect of increased activity from cruise ship operators, already an important source of overseas income, and any new air links will open up the possibility of the Falklands becoming a pivotal destination for cruising to both South America and to Antarctica.

Finally there are opportunities for supporting the UK military in its programme of modernisation and refurbishing of the aging physical infrastructure of the tri-forces base at Mount Pleasant, which 35 years after its construction, is in urgent need of renewal.

PHFC

At PHFC, the emphasis will remain on ensuring passenger safety and maintaining the operational reliability of the company's vessels which form the foundation of the ferry's long established and trusted reputation. Continuing efforts will also be made to market the attractions of the ferry service to locals and visitors alike and of promoting events and supporting tourist activity around the harbour.

The arrival of HMS Queen Elizabeth and the completion of the Hard passenger interchange in late 2017 offered the prospect of a positive boost to the operating environment for the ferry but a combination of bad weather and pressure on the local economy in Portsmouth and Gosport coupled with the continuing negative impact of the Portsmouth Park & Ride scheme has led to a continuing decline in passenger volumes with the rate of decline increasing in the quieter second half of the year.

Looking beyond these more recent developments, over the past ten years, ferry volumes have been in steady decline and at an underlying level this can be linked to long term changes in the economic and employment backdrop in the Gosport area and particularly to the closure of a number of important military establishments, which have historically provided much of the town's employment and created its unique identity. This slow but steady erosion of the military infrastructure in the Gosport peninsula has been a major factor in reducing local employment levels in the area and this in turn has had a knock on effect on ferry passenger volumes.

Since 2008 the military hospital at Haslar (in Central Gosport) has been closed with the loss of hundreds of jobs, the naval air base at Daedalus has also been sold off, the marine engineering works at HMS Sultan has been run down and in late 2017 the operations at Fort Blockhouse offering tri service medical training were significantly reduced. Although redevelopment of all these establishments is planned and in some cases has already commenced, the process of renewal is inevitably slow and is likely to take many years. However on a positive note, the process of contraction now appears largely complete and in the longer term we can expect a slow but steady improvement in the economy of the ferry's hinterland as housing development, infrastructure renewal and industrial investment gradually reshape the demographic backdrop.

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In the more immediate future, plans are being finalised for the redevelopment of the Gosport bus station and commercial developers hope to announce their proposals to create new retail and leisure facilities at the waterfront at Gosport later this year. When finalised, the scheme should increase local employment and add to the appeal of the Gosport waterfront / ferry terminal area as a destination. Initial work on this major regeneration project is expected to start in 2019. Across the water in Portsmouth, the arrival of the Navy's second aircraft carrier, HMS Prince of Wales, anticipated in late 2019 will provide a further boost to dockyard employment and the local economy.

Momart

At Momart, with continuing confidence in the global art market we expect to see further progress in Gallery Services with a deepening of existing relationships and new customer links developing built around effective marketing and introducing clients to the exceptional levels of service offered by the company.

In the museum sector, after a highly successful year in winning a plethora of blockbuster exhibitions in 2017-18 we expect to see a reversion to more normal levels of activity in the UK and our challenge will be to build on the increased efficiencies seen in 2017-18 and seek out more lucrative overseas work in order to maintain and improve profitability.

In storage, following the recent loss of two large storage clients who are relocating their collections outside of London/UK, there is further work to be done in attracting private collectors, institutions and galleries to fill the 25% of warehouse space which now remains unlet. This represents both a key challenge and an upside opportunity and will be the key focus for the commercial team in the coming year.

Progress in securing long term storage clients will have a leveraged effect on overall company performance albeit recent experience has shown that progress will be slow due to the intensely competitive nature of the London art storage market and absent of windfall new clients wins, we anticipate a complete fill of these facilities will take 2-3 years. In the longer term we remain confident that these new state of the art facilities will be filled and will underpin a further sustainable improvement in Momart's long term profitability.

Acquisitions

Increasing the scale of the group and enhancing its appeal to a wider community of institutional investors, thereby deepening the liquidity and rating of FIH shares remains central to the company's long term strategy. We are therefore keen to find suitable strategic acquisitions that will fit into the group's current structure and which will offer the prospect of relatively low risk, sustainable long term growth.

A number of acquisitions were reviewed in the year and significant time and resources were committed to investigating and exploring these opportunities. One in particular was progressed to the final offer stage and professional advisers were engaged to assist in the evaluation. UK M&A activity remains high and this together with a generally buoyant equity market means target prices at times can reach unrealistic and imprudent levels.

Accordingly the board has steered away from over-priced auction situations and is mindful of the need to avoid jeopardising the accumulated equity of existing investors. Nonetheless finding the right opportunity remains a key objective and further resources have been committed to the senior management team with the appointment of an experienced executive as group financial controller in April 2018 with a further intention to invest additional temporary resources in the acquisitions search. Key investment criteria include:

- UK based, well established profitable and cash generative businesses
- Little exposure to technology or newly developing markets
- Good operational management
- Strong market reputation and perceived quality
- Scalable, operating in market sectors that offer substantial organic growth or consolidation potential
- Offering high added value consumer or B2B services
- Strong asset backing where possible.

As in previous years, strategic opportunities for expansion and further investment in the Falklands will also be considered, working in partnership with UK and Falkland Islands private sector companies and government agencies where appropriate.

With a strong balance sheet and a supportive house bank and shareholder base, the board looks forward to the steady delivery of attractive investment returns as it executes its strategy of investment and growth.

John Foster
Chief Executive
12 June 2018

Financial Review

Revenue and Pre Tax profit

Group revenue rose 8.2% to £43.8 million, and Profit Before Tax increased 74.7% to £3.3 million (2017: £1.9 million) boosted by encouraging growth at Momart and FIC, maintained profits at PHFC and the absence of any exceptional costs.

Underlying Operating Profit

Underlying operating profit increased 29% to £3.7 million (2017: £2.8 million).

Non-trading items

Non-trading items in 2017-18 related solely to a small gain of £0.06 million on the sale of surplus machinery and parts at PHFC. In the prior year there was a net cost of £0.51 million linked principally to £0.53 million of professional fees incurred during the failed Takeover Bid by Staunton Holdings Limited.

Net financing costs

The group's net financing costs at £0.4 million are similar to the prior year, with finance lease interest slightly lower as scheduled repayments were made on the Gosport pontoon long term loan.

Underlying pre-tax profit

With almost no non-trading or exceptional items in the current year, the group reported underlying pre-tax profits of £3.2 million, 35% up on the prior year, (2017: £2.4 million).

Reported pre-tax profit

Reported Profit Before Tax for the group increased by 74.7% to £3.3 million (2017: £1.89 million).

Taxation

The group pays corporation tax on its UK earnings at 19% and on earnings in the Falkland Islands at 26%. The Falkland Islands Company Limited, which is resident in both jurisdictions, has been granted a foreign branch exemption, and now pays all its corporation tax in the Falkland Islands and no longer pays UK corporation tax. As a result FIC enjoys the full benefit of the tax deductibility in the Falkland Islands of expenditure on commercial and industrial buildings. Because of one off tax payable in respect of the prior year, the tax charge suffered in the current year has risen by £0.1 million. The effective blended tax rate on underlying profits is 23.7%, however 3.2% of this charge is due to the £105,000 prior year adjustment, and excluding the one off prior year charge the effective rate would be 20.5% (2017: 20.5%).

Earnings per share

Year ended 31 March	2018 £m	2017 £m	Change %
Underlying profit before Taxation on underlying profit	**3.24** **(0.77)**	2.40 (0.49)	35.2 56.5
Underlying profit after tax	**2.47**	1.91	29.5
Diluted average number of shares in issue (thousands)	**12,525**	12,431	0.8
Effective underlying tax rate	**23.7%**	20.5%	3.2
Basic EPS on underlying profit	**19.9p**	15.4p	29.4
Diluted EPS on underlying profit	**19.7p**	15.3p	28.5
Basic EPS on reported profit	**20.3p**	11.5p	76.6
Diluted EPS on reported profit	**20.1p**	11.5p	74.7

Fully diluted Earnings per Share ("EPS") derived from underlying profits, increased to 19.7 pence (2017: 15.3 pence), due to the rise in underlying profit before tax.

Balance sheet

The group's Balance Sheet remains strong. Total net assets, including intangible assets of £11.8 million (2017: £11.8 million), increased to £41.7 million from £39.7 million in the prior year.

Retained earnings, after payment of dividends totalling £0.7 million and providing for corporation tax, increased by £1.9 million to £21.9 million (2017: £20.0 million). Bank borrowings decreased to £3.3 million (2017: £3.8 million), and the group's cash balances increased by £1.9 million to £17.0 million (2017: £15.1 million).

The carrying value of intangible assets at £11.8 million is unchanged from the position at 31 March 2017 and no further amortisation charges to goodwill or the Momart brand name are planned.

The net book value of property, plant and equipment decreased by £1.3 million to £18.8 million (2017: £20.1 million) after capital investment of £0.6 million, offset against a £1.5 million depreciation charge in the year and transferring the £0.3 million mobile homes net book value from leasehold properties to investment property.

The group owns 49 investment properties, comprising commercial and residential properties in the Falkland Islands, which are held for rental, together with approximately 400 acres of land in and around Stanley. This includes 18 acres

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for industrial development and 25 acres of prime mixed-use land. The group owns 49 properties for rental, including 39 investment properties, which are mainly houses, in Stanley and ten mobile homes, which are rented to staff, together with one flat at the Mount Pleasant military base. The number of properties, which all are held at depreciated cost, has fallen by two from the prior year, as two dilapidated properties have been demolished.

However the group also holds two investment properties under construction at 31 March 2018. The net book value of the investment properties and undeveloped land of £4.0 million (2017: £3.7 million) has been reviewed by the Directors resident in the Falkland Islands and at 31 March 2018 the fair value of this property portfolio, including undeveloped land, was estimated at £7.4 million (2017: £7.2 million), an uplift of £3.4 million on net book value. Investment properties had an estimated value of £5.2 million (2017: £5.0 million) and the value of FIC's 700 acres of undeveloped land was estimated at £2.2 million (2017: £2.2 million).

Deferred tax assets relating to future pension liabilities decreased to £0.7 million (2017: £0.8 million). These assets now only include the deferred tax on the FIC unfunded scheme calculated by applying the 26% Falklands' tax rate to the pension liability. The deferred tax asset decreased in line with the fall in the pension liability due to the increase in the discount rate.

Inventories, which largely represent stock held for resale in the Falkland Islands, were reduced by a further £0.8 million to £4.6 million at 31 March 2018 (2017: £5.4 million), as a result of focussed stock management and an increase in the stock provision in the Falkland Islands.

Trade and Other Receivables fell slightly to £7.4 million from £7.5 million at 31 March 2017.

The Group's cash balances increased to £17.0 million (2017: £15.1 million).

Bank borrowings were reduced to £3.3 million from £3.8 million following scheduled loan repayments on the three 10 year facilities, and one five year facility. Three of the bank loans were taken out to fund the latest ferry and one bank loan is held at Momart to fund the storage expansion.

Outstanding finance lease liabilities totalled £4.9 million (2017: £5.0 million). £4.7 million (2017: £4.8 million) of the finance lease balance is in respect of the 50 year lease from Gosport Borough Council for the Gosport Pontoon, which runs until June 2061.

In common with most larger UK companies the Group pays most of its corporation tax by means of payments on account. Residual corporation tax due for payment within the next 12 months is £0.3 million (2017: £0.2 million).

Trade and other payables decreased to £10.7 million from £12.3 million at 31 March 2017.

At 31 March 2018, the liability due in respect of the Group's defined benefit pension scheme in the Falkland Islands was £2.8 million (2017: £3.0 million). The decreased liability is due principally to higher medium term interest rates used to discount the scheme's future liabilities. The pension scheme in the Falklands, which was closed to new entrants in 1988 and to further accrual in 2007, is unfunded and liabilities are met from operating cash flow. The decrease in liability has been fed through reserves in accordance with IAS 19.

The Group's deferred tax liabilities, excluding the pension asset at 31 March 2018, were £2.3 million and increased by £0.1 million from the prior year (2017: £2.2 million). £2.1 million of this balance arises on property, plant and equipment, and is principally due to accelerated capital allowances on the new vessel in PHFC and also to properties in the Falklands, where capital allowances of 10% are available on the majority of the FIC properties. With such assets depreciated over 20-50 years, a temporary difference arises, on which deferred tax is provided.

Cash flows

Operating cash flow

Net cash flow from operating activities increased sharply to £4.2 million (2017: £2.5 million) following the recovery in group profitability in the current year.

The group's operating cash flow can be summarised as follows:

Year ended 31 March	2018 £m	2017 £m	Change %
Underlying profit before tax	**3.2**	2.4	0.8
Depreciation & Amortisation	**1.7**	1.5	0.2
Net Interest payable	**0.4**	0.4	-
EBITDA	**5.3**	4.3	1.0
Increase in hire purchase debtors	**0.1**	-	0.1
Decrease in working capital & other	**(0.5)**	(1.1)	0.6
Professional fees paid for the Takeover bid & defence	**(0.2)**	(0.4)	0.2
Tax paid	**(0.5)**	(0.3)	(0.2)
Net cash inflow from operating activites	**4.2**	2.5	1.7
Financing & Investing Activities			
Capital expenditure	**(0.8)**	(1.8)	1.0
Net bank interest paid	**(0.1)**	(0.1)	-
Proceeds on sale of fixed assets	**0.1**	0.1	-
Dividends paid	**(0.7)**	-	(0.7)
Cash inflows from joint venture	**-**	0.2	(0.2)
Bank & other loan repayments	**(0.8)**	(0.8)	-
Bank & hire purchase loan draw down	**-**	1.0	(1.0)
Net cash outflow from financing & investing activities	**(2.3)**	(1.4)	(0.9)
Net cash inflow	**1.9**	**1.1**	0.8
Cash balance b/fwd	**15.1**	14.0	1.1
Cash balance c/fwd	**17.0**	15.1	**1.9**

Financing outflows

During the year the group incurred £0.8 million of capital expenditure (2017: £1.8 million); which is less than half of the depreciation charge for the year. This included £0.1 million of expenditure on two new rental properties, which are under construction at 31 March 2018 and £0.2 million spend on the vehicles in the Falklands. At PHFC, a further £0.1 million of expenditure has been incurred on restoring the Victorian Portsea pontoon, and a further £0.4 million was incurred on normal replacement expenditure around the group.

Scheduled loan repayments of £0.8 million (2017: £0.8 million) were made during the year, including £0.3 million of repayments to Gosport Council on the 50 year pontoon finance lease, £0.1 million of repayments on hire purchase leases for trucks at Momart and £0.5 million of repayments on the four bank loans.

John Foster
Chief Executive
12 June 2018

Chief Executive's Strategic Review

RISK MANAGEMENT

Risk Management and Principal risks

The Board is ultimately responsible for setting the group's risk appetite and for overseeing the effective management of risk. The group faces a diverse range of risks and uncertainties which could have an adverse effect on results if not managed. The principal risks facing the group have been identified by the Board and the mitigating actions agreed with senior management and are discussed in the following table:

Political Risks		
Potential impact	Comment	Change In Risk Level
Historically, Argentina has maintained a claim to the Falkland Islands, and this dispute has never been officially resolved.	UK and Argentinian relations are amicable, as evidenced by the release of a joint press release in mid-February 2018 regarding ambitions for a new air link to South America. However, even when relations have been unfriendly the security afforded by the British government and the presence of a substantial military base, means in practice the threat to the freedom and livelihood of the people of the Falklands is minimal.	None
Uncertainty caused by the UK's decision to leave the European Union.	The implications of Brexit continue to unfold. Momart could be potentially affected by Brexit, when moving art works in and out of Europe to the UK, however, until the rules are agreed, we are uncertain of how much of an impact this will have. It is to be hoped that any final arrangements made will cause minimal disruption to the status quo.	None
Economic Conditions		
Potential impact	Comment	Change In Risk Level
There is a link between demand for our services across the group and general economic activity. In particular, demand in the Falkland Islands is subject to fluctuation, dependent upon Oil sector activity. Budgets available to museums for exhibitions can fluctuate with Government spending and the commercial art market exhibits cyclicality; both have a direct impact on Momart.	Premier Oil is seeking funding for potential development in the North Falklands Basin prior to a final investment decision. Largely unchanged.	Lower None
Mitigation		
Prudent management through the different phases of the economic cycle. Flexibility in the business model Management carefully monitor developments around the oil sector in the Falklands and adjust investment levels accordingly.		

Competition		
Potential impact	Comment	Change In Risk Level
FIC is considered by the senior management to be a market leader in a number of business activities but faces competition from local entrepreneurs in many of the sectors in which it operates. Momart sits in a highly competitive market with both UK and International competitors investing for growth.	The new storage facility at Momart allows dedicated storage space in response to customer demand. Largely unchanged.	None None
Mitigation		
Focussing on being responsive to the needs of our customers and improving the quality of delivery. Understanding our competitors. Driving down costs and improving margins Investment in the business.		
Credit Risk		
Potential impact	Comment	Change In Risk Level
Credit risk is the risk of financial loss if a customer fails to meet its contractual obligations.	Significant work has been carried out to reduce the trade debtors outstanding and improve cash collection procedures.	Lower
Mitigation		
Management in all businesses have credit control policies in place to manage risk on an ongoing basis. These include the use of customer specific credit limits and active cash collection procedures.		
Foreign currency & interest rate risk		
Potential impact	Comment	Change In Risk Level
Momart is exposed to foreign currency risk arising from trading and other payables denominated in foreign currencies. The group is exposed to interest rate risks on large loans. FIC retail outlets accept foreign currency and are exposed to fluctuations in the value of the dollar and euro.	Largely unchanged.	None
Mitigation		
Forward exchange contracts are used to mitigate this risk, with the exchange rate fixed for all significant contracts. Interest rate risk on large loans is mitigated by the use of an interest rate swap.		
Inventory		
Potential impact	Comment	Change In Risk Level
Inventory risk relates to losses on realising the carrying value on ultimate sale. Losses include obsolescence, shrinkage or changes in market demand such that products are only saleable at prices that produce a loss. FIC is the only group business that holds significant inventories and does face such risk in the Falklands, where it is very expensive to return excess or obsolete stock back to the UK.	A thorough review of old and slow moving stock has been undertaken by senior management and potential problem items fully provided for.	Lower
Mitigation		
The EPOS and stock system used by FIC allows monitoring of sales, stock levels and stock turnover by line item. Local management and senior leadership review of stock levels and slow moving stock.		

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People		
Potential impact	Comment	Change In Risk Level
Loss of one or more key members of the senior management team or failure to attract and retain experienced and skilled people at all levels across the business could have an adverse impact on the business. In the Falklands business there is a reliance on being able to attract staff from overseas including many from St Helena. Development of those locations might reduce the pool of available staff.	The development of an airport at St Helena could result in the loss of St Helenian staff leaving the Falkland islands.	Higher
Mitigation		
Consultation with employees, where appropriate, on key issues concerning them as employees. Management review of local salary trends Long term incentive plans for key senior staff and Employee share participation scheme. Incentivising staff through performance related bonuses. Staff are supported to acquire relevant employment related qualifications.		
Health & Safety		
Potential impact	Comment	Change In Risk Level
The group is required to comply with laws and regulation governing occupational health and safety matters. Furthermore accidents could happen which might result in injury to an individual, claims against the group and damage to our reputation.	All staff in group companies undergo appropriate health and safety training when joining the group.	Lower
Mitigation		
Maintain appropriate health and safety policies and procedures regarding the need to comply with laws and regulations. Staff receive relevant Health and Safety training when joining the group and receive refresher and additional training as is necessary. Training courses cover maritime safety, lifting and manual handling, asbestos awareness and fire extinguisher training.		
Laws & Regulation		
Potential impact	Comment	Change In Risk Level
Failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.	The regulatory environment continues to become increasingly complex. GDPR legislation has recently been introduced.	Higher
Mitigation		
Use of specialist and local advisors on regulatory and legislation matters Evolving policies and practices to take account of changes in legal obligations. We monitor regulatory and legislation changes to ensure our policies and practices reflect them and we comply with relevant legislation. During the year training has taken place in respect of GDPR and customs practices.		

Board of Directors and Secretary

Robin Williams, Non-executive Chairman

Robin joined the Board in September 2017. He has a wide breadth of corporate experience, gained at a range of quoted and private businesses as well as from an early career in investment banking. He is currently Chairman at Xaar plc, the FTSE listed Cambridge based digital inkjet leader, also at Keystone Law Group plc and Stirling Industries plc and a non-executive director at van Elle Plc. Robin qualified as an accountant in 1982 after graduating in engineering science from the University of Oxford. He worked in corporate finance for ten years at investment banks including Salomon Brothers and UBS before leaving the City in 1992 to co-found the packaging business, Britton Group plc. In 1998, he moved to Hepworth plc, the building materials group, and since 2004 he has focused on non-executive work in public, private and private equity backed businesses. Robin is a member of the Audit and Remuneration Committees and is Chairman of the Nominations Committee.

John Foster, Chief Executive

John joined the Board in 2005. He is a chartered accountant and previously served as Finance Director on a number of fully listed UK companies. Prior to this, John spent three years in charge of acquisitions and disposals at FTSE 250 company, Ascot plc, and before that worked for nine years as a venture capitalist with a leading investment bank in the City.

Jeremy Brade, Non-executive Director

Jeremy joined the Board in 2009 and acted as Interim Chairman of FIH group plc from 2 May 2017 until 11 September 2017. He is a Director of Harwood Capital Management where he is the senior private equity partner. Jeremy has served on the boards of several private and publicly listed international companies. Formerly Jeremy was a diplomat in the Foreign and Commonwealth Office, and before that an Army officer. Jeremy is a member of the Nominations and Remuneration Committees and is Chairman of the Audit Committee.

Robert Johnston, Non-executive Director

Robert joined the Board on 13 June 2017; he is an experienced non-executive director and investment professional and has served on the boards of several quoted companies in both North America, Ireland and in the UK, including Fyffes PLC and Gas Natural Holdings. He is currently on the boards of Colabor Group Inc, Produce Investments plc, Corning Natural Gas Holding Corp, Supremex Inc, and Circa Enterprises Inc. Robert is a member of the Nominations and Audit Committees and is Chairman of the Remuneration Committee.

Robert represents the Company’s largest shareholder, “The Article 6 Marital Trust, created under the First Amended and Restated Jerry Zucker Revocable Trust dated 4-2-07”, which has a beneficial holding of 3,596,553 ordinary Shares, representing 28.92% of the Company’s issued share capital.

Carol Bishop, Company Secretary

Carol Bishop joined the Company in December 2011. She is a chartered accountant and has previously worked for London Mining plc, an AIM listed company as group reporting manager. Prior to this she spent three years at Hanson plc and prior to that, six years at the Peninsular and Oriental Steam Navigation Company.

Directors' Report

The Directors present their annual report and the financial statements for the Company and for the group for the year ended 31 March 2018.

Results and dividend

The group's result for the year is set out in the group Income Statement. The group profit for the year after taxation amounted to £2,517,000 (2017: £1,427,000). Basic earnings per share on underlying profits were 19.9 pence (2017: 15.4 pence).

The Directors recommend a final dividend of 3.0 pence per share, which, if approved by shareholders at the forthcoming Annual General Meeting, will be paid on 21 September 2018 to shareholders on the register at close of business on 17 August 2018.

Together with the interim dividend of 1.5 pence paid in January 2018 the proposed final dividend will take the total dividend for the year to 31 March 2018 to 4.5 pence per share (2017: 4.0 pence per share). The proposed final dividend has not been included in creditors as it was not approved before the year end.

Principal activities

The business of the group during the year ended 31 March 2018 was general trading in the Falkland Islands, the operation of a passenger ferry across Portsmouth Harbour and the provision of international arts logistics and storage services. The principal activities of the group are discussed in more detail in the Chief Executive's Strategic Report and should be considered as part of the Directors' Report for the purposes of the requirements of the enhanced Directors' Report guidance. The principal activity of the Company is that of a holding company.

Directors

On 2 May 2017 Edmund Rowland stood down as Chairman of the group but remained on the Board until Robert Johnston was appointed as a non-executive Director on 13 June 2017. Non-executive Director, Jeremy Brade acted as Interim non-executive Chairman pending the appointment of a new independent non-executive Chairman, and covered the period from 2 May 2017 to 11 September 2017, when Robin Williams was appointed as non-executive Chairman of the group.

Directors' interests

The interests of the Directors in the issued shares and share options over the shares of the Company are set out below under the heading 'Directors' interests in shares'. During the year no Director had an interest in any significant contract relating to the business of the Company or its subsidiaries other than his own service contract.

Health and safety

The group is committed to the health, safety and welfare of its employees and third parties who may be affected by the group's operations. The focus of the group's effort is to prevent accidents and incidents occurring by identifying risks and employing appropriate control strategies. This is supplemented by a policy of investigating and recording all incidents.

Employees

The Board is aware of the importance of good relationships and communication with employees. Where appropriate, employees are consulted about matters which affect the progress of the group and which are of interest and concern to them as employees. Within this framework, emphasis is placed on developing greater awareness of the financial and economic factors which affect the performance of the group. Employment policy and practices in the group are based on non-discrimination and equal opportunity irrespective of age, race, religion, sex, colour and marital status. In particular, the group recognises its responsibilities towards disabled persons and does not discriminate against them in terms of job offers, training or career development and prospects. If an existing employee were to become disabled during the course of employment, every practical effort would be made to retain the employee's services with whatever retraining is appropriate. The group's pension arrangements for employees are summarised in note 23.

Payments to suppliers

The policy of the Company and each of its trading subsidiaries, in relation to all its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms, provided that it is satisfied that the supplier has provided the goods or services in accordance with agreed terms and conditions. The group does not follow any code or standard payment practice. As a holding company, the Company had no trade creditors at either 31 March 2018 or 31 March 2017.

Corporate Governance

As an AIM company, FIH group plc is not required to comply with the UK Corporate Governance Code (the 'Code') which applies only to fully listed UK companies and adherence to which requires the commitment of significant resources and cost. However high standards of Corporate Governance are a key priority of the Board and the board is committed to following the principles of governance set out by the Quoted Companies Alliance (the "QCA") which it considers to be the most appropriate and relevant for an AIM company such as FIH group. Details of how the Company addresses key governance issues and the 12 principles of Corporate Governance developed by the QCA are set out in the Corporate Governance section of its website.

The Board has established Audit, Remuneration, and Nomination Committees and the Company receives regular feedback from its external auditors on the state of its internal controls. The Board attaches great importance to providing shareholders with clear and transparent information on the group's activities, strategy and financial position. Details of all shareholder communications are provided on the group's website. The Board holds regular meetings with larger shareholders and regards the annual general meeting as a good opportunity to communicate directly with shareholders via an open question and answer session.

Share capital and substantial interests in shares

During the year no share capital was issued. Further information about the Company's share capital is given in note 25. Details of the Company's executive share option scheme and employee ownership plan can be found in note 24.

The Company was been notified of the following interests in 3% or more of the issued ordinary shares of the Company as at 12 June 2018:

	Number of shares	**Percentage of shares in issue**
The Article 6 Marital Trust created under the First Amended and Restated Jerry Zucker Revocable Trust dated 2 April 2007	3,596,553	28.92
Argos Argonaut Fund	1,228,736	9.88
J.F.C Watts	797,214	6.41
Martin Janser	796,818	6.41
Bonafide Global Fish Fund	671,000	5.40
Christian Struck	377,000	3.03

Charitable and political donations

Charitable donations made by the group during the year amounted to £19,095 (2017: £14,771), largely to local community charities in Gosport and the Falkland Islands. There were no political donations in the year (2017: nil).

Directors' Report

Disclosure of information to auditor

The Directors who held office at the date of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution proposing the re-appointment of KPMG LLP will be put to shareholders at the Annual General Meeting.

Annual General Meeting

The Company's Annual General Meeting will be held at the London offices of FTI Consulting, 200 Aldersgate, London, EC1A 4HD at 14.30 on 30 August 2018. The Notice of the Annual General Meeting and a description of the special business to be put to the meeting are considered in a separate Circular to Shareholders.

Details of Directors' remuneration and emoluments

The remuneration of non-executive Directors consists only of annual fees for their services both as members of the Board and of Committees on which they serve.

An analysis of the remuneration and taxable benefits in kind (excluding share options) provided for and received by each Director during the year to 31 March 2018 and in the preceding year is as follows:

	Salary / Fees £'000	Bonus £'000	2018 Total £'000	2017 Total £'000
John Foster	213	*60	273	206
Robin Williams**	33	-	33	-
Jeremy Brade	41	-	41	30
Robert Johnston**	24	-	24	-
Edmund Rowland***	9	-	9	65
Total	**320**	**60**	**380**	**301**

*The Chief Executive's bonus for the year is normally split into equal parts of deferred shares and cash, with the shares requiring a service condition to remain in employment for up to three years. For the year ended 31 March 2018, John Foster has received a deferred shares award of £60,000, to be issued on 18 June 2018. These deferred shares will be provided at no cost to him in three equal tranches over the next three years.

** From date of appointment
***Until date of resignation

None of the Directors of the Company receive any pension contributions or benefit from any group pension scheme.

The Chief Executive participates in an annual performance related bonus arrangement, with the potential during the year of earning up to 100% of his salary. The bonuses are subject to the achievements of specified corporate and personal objectives.

Directors' interests in shares

As at 31 March 2018, the share options of executive Directors may be summarised as follows:

Date of grant	Number of options J L Foster	Exercise price	Exercisable from	Expiry date
15 Jul 2009	44,550	£2.90	15 July 2012	14 Jul 2019
10 Jun 2015	7,547	£0.00	10 June 2018	10 Jun 2019
17 Jun 2016	6,272	£0.00	17 June 2018	17 Jun 2020
17 Jun 2016	6,273	£0.00	17 June 2019	17 Jun 2020
16 Jun 2017	3,216	£0.00	16 June 2018	16 Jun 2021
16 Jun 2017	3,216	£0.00	16 June 2019	16 Jun 2021
16 Jun 2017	3,217	£0.00	16 June 2020	16 Jun 2021
Total	**74,291**			

The mid-market price of the Company's shares on 31 March 2018 was 305 pence and the range in the year was 282.5 pence to 316.0 pence.

The Directors' options extant at 31 March 2018 totalled 74,291 options granted to the Chief Executive, including 29,741 nil cost options and 44,550 share options granted in 2009 at an exercise price of £2.90. In total these options represented 0.60% of the Company's issued share capital.

The 296,629 options, granted to 41 other employees of the group including subsidiary directors and senior management, include 104,689 LTIP options granted in March 2018 at a 10 pence exercise price and 191,940 options granted between April 2008 and January 2015, with exercise prices of £2.075 to £3.90.

Under the Company's executive share option scheme, executive Directors and senior executives have been granted options to acquire ordinary shares in the Company after a period of three years from the date of the grant. 236,490 of the outstanding options have been granted at an option price of not less than market value at the date of the grant, and the 104,689 LTIP awards have been granted at an exercise price of 10 pence, the exercise of the LTIP awards is subject to various performance conditions, which have been determined by the remuneration committee after discussion with the Company's advisors. The 29,741 nil cost options granted to the Chief Executive are exercisable at no cost to him, and will vest provided he remains in employment for the required service periods.

Directors' Report

In addition to the share options set out on the previous page, the interests of the Directors, their immediate families and related trusts in the shares of the Company according to the register kept pursuant to the Companies Act 2006 were as shown below:

	Ordinary shares as at 31 March 2018	Ordinary shares as at 31 March 2017
Robin Williams	1,935	-
John Foster*	*86,364	*78,127
Jeremy Brade	15,010	15,010
Robert Johnston	**3,609,053	**490,000
Edmund Rowland	-	***3,106,553

*John Foster's shareholding above includes all Shares held in the Company's share incentive plan in which he has a beneficial interest.

** Robert Johnston holds 12,500 shares in his own name, and as he is also the representative of the Company's largest shareholder, "The Article 6 Marital Trust, created under the First Amended and Restated Jerry Zucker Revocable Trust dated 4-2-07", which holds 3,596,553 Shares, Robert Johnston is interested in 3,609,053 Shares in total, representing 29.02 per cent. of the Company's 12,434,418 total voting rights

*** Blackfish Capital Alpha Fund SPC and Staunton Holdings Limited are companies connected with Edmund Rowland, a former non-executive director of the Company, and through this relationship with both Staunton Holdings Limited and Blackfish Capital Management, at 31 March 2017, Edmund Rowland was interested in 3,106,553 shares in the Company, representing approximately 24.98 per cent of the issued share capital of the Company. These shareholdings were sold on 2 May 2017 to The Article 6 Marital Trust therefore Edmund Rowland no longer has any beneficial interest in the shares of FIH group plc.

Share Incentive Plan

In November 2012, the Company implemented an HMRC approved Share Incentive Plan (SIP) available to employees of the group, which enables UK and Falklands staff to acquire shares in the Company through monthly purchases of up to £150 per month or 10% of salary, whichever is lower. For every three shares purchased by the employee, the Company contributes one free matching share. These shares are placed in trust and if they are left in trust for at least five years, they can be removed free of UK income tax and national insurance contributions. During the year ended 31 March 2018 the Company purchased £600 of matching shares for John Foster.

Statement of Directors' responsibilities in respect of the Annual Report, Directors' Report, Strategic Report and the Financial Statements

The Directors are responsible for preparing the Annual Report, Strategic Report, Directors' Report, and the group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, they are required to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and Parent Company and of their profit or loss for that period.
In preparing each of the group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Assess the group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm, to the best of their knowledge that:

- These financial statements, prepared in accordance with IFRS, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation as a whole; and
- The management report, which comprises the Chairman's Statement and the Chief Executive's Strategic Report, includes a fair review of the development and performance of the business and of the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board and signed on its behalf by:

Carol Bishop
Company Secretary
12 June 2018
Kenburgh Court
133-137 South Street
Bishop's Stortford
Hertfordshire
CM23 3HX

Independent auditor's report

to the members of FIH group plc

1. Our opinion is unmodified

We have audited the financial statements of FIH group plc ("the Company") for the year ended 31 March 2018 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, Company Cash Flow Statement, Consolidated Statement of Changes in Shareholders' Equity, Company Statement of Changes in Shareholders' Equity, and the related notes, including the accounting policies in note 1.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- The group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- The parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality: group financial statements as a whole	£130,000 (2017:£118,000) 3.9% of group profit before tax (2017: 5% of group profit before tax and exceptional items)	
Coverage	100% (2017:100%) of total group profits and losses that make up group profit before tax	
Risks of material misstatement		**vs 2017**
Recurring risks	Valuation of goodwill and intangible assets	◀▶
	Revenue recognition	◀▶
	Recoverability of parent company's investment in subsidiaries (Company only)	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Impairment of Art Logistics and Storage Brand Name and Goodwill (**£7.6 million**; 2017: £7.6 million) Refer to page 43 (accounting policy) and page 57 (financial disclosures).	**Forecast Based Valuation:** Goodwill is significant and at risk of irrecoverability due primarily to fluctuating demand in the Art logistics and storage markets. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.	Our procedures included: - **Our sector experience:** With the assistance of our own valuation specialist performing an assessment of the discount rate by comparing to a client and industry specific discount rate calculated using external inputs; - **Benchmarking assumptions:** Comparing the group's assumptions to externally derived data in relation to key inputs such as projected economic growth and discount rates; - **Historical comparison**: Evaluating the adequacy of the budgets and forecasts used in the value in use calculation by assessing the historical accuracy of the Group's budgets; - **Sensitivity analysis:** Performing breakeven analysis on the assumptions noted above; - **Comparing valuations:** Comparing the net asset value of the Group with the market capitalisation of the Group and assessing whether any difference is an indicator of impairment; and - **Assessing transparency:** Assessing whether the group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflect the risks inherent in the valuation of goodwill and brand intangibles.

	The risk	Our response
Revenue of General Trading (Falklands) (**£18.3 million**; 2017: £17.8 million) Refer to page 44 (accounting policy) and page 48 (financial disclosures).	**Revenue Recognition:** General trading (Falklands) generates revenue through a high volume of individually small transactions recorded in 9 (2017: 9) different revenue streams on multiple systems, which increases the susceptibility to error. Revenue recognition within Art logistics and storage (UK) has not been assessed as a key audit matter during 2018 or 2017 on the basis that there were no material contracts taking place across the year end and therefore the level of judgement involved in revenue recognition was considered low.	Our procedures included: - **Control design:** Testing the design and implementation of key controls around the recognition of General Trading (Falkands) revenue, including those related to the reconciliation of sales records to cash receipts; - **Reconciliations:** For the 51% of Falklands revenues that are processed on the EPOS system, we tested 100% of the sales transactions in the year for accuracy to check that they were recorded in the correct period by tracing sales transactions through to cash receipt; - **Tests of detail:** For the 12% of Falklands revenues relating to individually significant transactions for house sales, we tested 100% of the sales transactions in the year to check that they were recorded in the correct period by manually agreeing transactions to sales invoices and cash receipts; - **Test of detail:** For the remaining 37% of Falklands revenue transactions we checked that they were recorded in the correct period by using sampling software to select sales transactions to manually agree to sales invoices and cash receipts; and - **Tests of detail:** Selecting a sample of manual journals posted in respect of Falklands revenue based on criteria such as unusual double entries and critically assessing whether these journals were recorded in the correct period by agreeing to supporting documentation such as sales invoices and cash receipts.
Parent: Recoverability of parent company's investment in subsidiaries (**£27.6 million**; 2017: £27.6 million) Refer to page 43 (accounting policy) and page 61 (financial disclosures).	**Low Risk, High Value:** The carrying value of the parent company's investment in subsidiaries represents 58.3% (2016: 63.5%) of the company's total assets. Their recoverability is not at a high risk of significant misstatement, or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	- **Tests of detail:** Comparing the carrying amount of all of the individual investments with the relevant subsidiaries' balance sheets to identify whether their net assets were in excess of the investment value and assessing whether those subsidiaries have historically been profit making; and - **Assessing subsidiary audits:** Considering the results of our audit work on the profits and net assets of those subsidiaries.

3. Our application of materiality and an overview of the scope of our audit

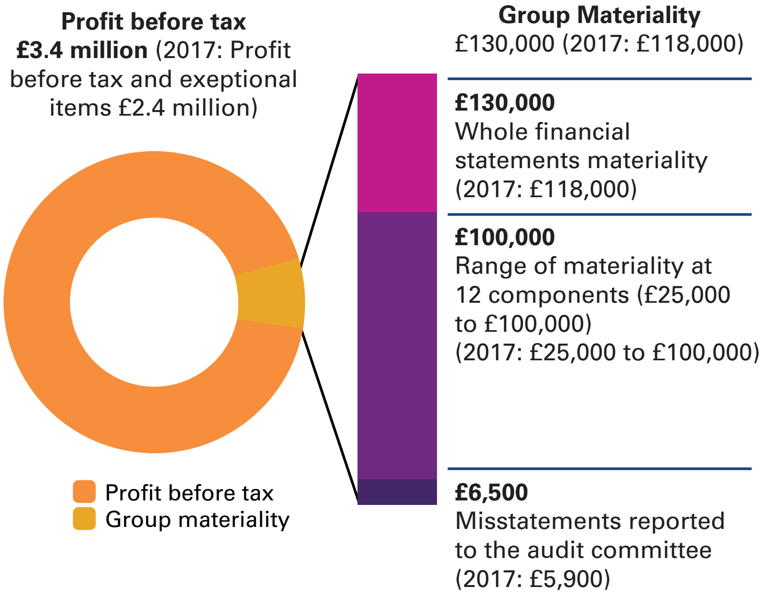
Materiality for the Group financial statements as a whole was set at £130,000 (2017: £118,000), determined with reference to a benchmark of Group profit before tax, of which it represents 3.9% (2017: 5% of Group profit before tax and exceptional items, being costs incurred from the takeover bid).

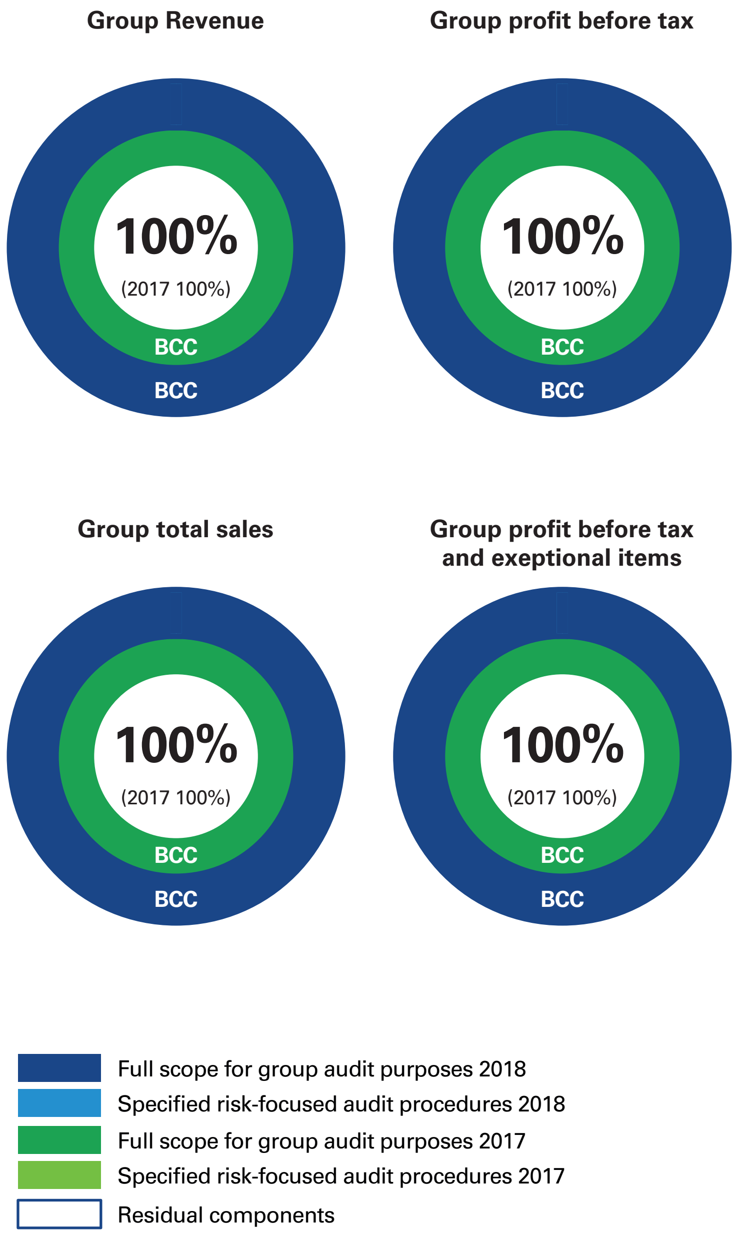
Materiality for the parent company financial statements as a whole was set at £100,000 (2017: £100,000), determined with reference to a benchmark of net assets, of which it represents 0.25% (2017: 0.25%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £6,500 (2017: £5,900), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's twelve (2017: twelve) reporting components, we subjected twelve (2017: twelve) to audits for group reporting purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.





4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements.
We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic review and directors' report

Based solely on our work on the other information:

- We have not identified material misstatements in the strategic review and the directors' report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent Company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 26, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is providedon the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Craig Parkin
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ
12 June 2018

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2018

Notes		Before non-trading items 2018 £'000	Non-trading items 2018 £'000	Total 2018 £'000	Before amortisation & non-trading items 2017 £'000	Amortisation & non-trading items 2017 £'000	Total 2017 £'000
4	**Revenue**	**43,830**	**-**	**43,830**	40,494	-	40,494
	Cost of sales	**(26,671)**	**-**	**(26,671)**	(24,861)	-	(24,861)
	Gross profit	**17,159**	**-**	**17,159**	15,633	-	15,633
	Other administrative expenses	**(13,832)**	**-**	**(13,832)**	(13,064)	-	(13,064)
	Takeover bid costs	**-**	**-**	**-**	-	(530)	(530)
	Consumer Finance interest income	**306**	**-**	**306**	236	-	236
5	Gain on sale of fixed assets	**-**	**61**	**61**	-	76	76
11	Amortisation of intangible assets	**-**	**-**	**-**	-	(136)	(136)
6	**Operating expenses**	**(13,526)**	**61**	**(13,465)**	(12,828)	(590)	(13,418)
	Operating profit	**3,633**	**61**	**3,694**	2,805	(590)	2,215
	Share of results of Joint Venture	**18**	**-**	**18**	24	81	105
	Profit before net financing costs	**3,651**	**61**	**3,712**	2,829	(509)	2,320
	Finance income	**20**	**-**	**20**	21	-	21
	Finance expense	**(436)**	**-**	**(436)**	(454)	-	(454)
8	Net financing costs	**(416)**	**-**	**(416)**	(433)	-	(433)
	Profit / (loss) before tax	**3,235**	**61**	**3,296**	2,396	(509)	1,887
9	Taxation	**(767)**	**(12)**	**(779)**	(490)	30	(460)
	Profit / (loss) for the year attributable to equity holders of the company	**2,468**	**49**	**2,517**	1,906	(479)	1,427
10	Earnings per share						
	Basic	**19.9p**		**20.3p**	15.4p		11.5p
	Diluted	**19.7p**		**20.1p**	15.3p		11.5p

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2018

Notes		2018 £'000	2018 £'000
	Cash flow hedges - effective portion of changes in fair value	49	15
	Items that are or may be reclassified subsequently to profit or loss	49	15
23	Decrease / (increase) in the FIC defined benefit pension liability	117	(366)
17	Movement on deferred tax asset relating to pension schemes	(30)	95
	Items which will not ultimately be recycled to the income statement	87	(271)
	Other comprehensive income / (expense)	136	(256)
	Profit for the year	2,517	1,427
	Total comprehensive income	2,653	1,171

Consolidated Balance Sheet

AT 31 MARCH 2018

Notes		2018 £'000	2017 £'000
	Non-current assets		
11	Intangible assets	**11,832**	11,846
12	Property, plant and equipment	**18,845**	20,147
13	Investment properties	**4,045**	3,723
15	Investment in Joint venture	**259**	241
16	Finance leases receivable	**611**	763
17	Deferred tax assets	**738**	776
	Total non-current assets	**36,330**	37,496
	Current assets		
18	Inventories	**4,600**	5,356
19	Trade and other receivables	**7,431**	7,498
16	Finance leases receivable	**823**	799
20	Cash and cash equivalents	**17,018**	15,079
	Total current assets	**29,872**	28,732
	TOTAL ASSETS	**66,202**	66,228
	Current liabilities		
21	Interest-bearing loans and borrowings	**(631)**	(615)
	Income tax payable	**(346)**	(182)
22	Trade and other payables	**(10,695)**	(12,286)
	Total current liabilities	**(11,672)**	(13,083)
	Non-current liabilities		
21	Interest-bearing loans and borrowings	**(7,635)**	(8,224)
23	Employee benefits	**(2,839)**	(2,985)
17	Deferred tax liabilities	**(2,323)**	(2,191)
	Total non-current liabilities	**(12,797)**	(13,400)
	TOTAL LIABILITIES	**(24,469)**	(26,483)
	Net assets	**41,733**	39,745
25	**Capital and reserves**		
	Equity share capital	**1,243**	1,243
	Share premium account	**17,447**	17,447
	Other reserves	**1,162**	1,162
	Retained earnings	**21,899**	19,960
	Hedging reserve	**(18)**	(67)
	Total equity	**41,733**	39,745

These financial statements were approved by the Board of Directors on 12 June 2018 and were signed on its behalf by:

J L Foster
Director

Company Balance Sheet

AT 31 MARCH 2018

Notes		2018 £'000	2017 £'000
	Non-current assets		
14	Investment in subsidiaries	**27,630**	27,629
19	Loans to subsidiaries	**6,987**	6,965
17	Deferred tax	**16**	17
	Total non-current assets	**34,633**	34,611
	Current assets		
19	Trade and other receivables	**12**	12
	Corporation tax receivable	**177**	94
20	Cash and cash equivalents	**12,606**	8,780
	Total current assets	**12,795**	8,886
	TOTAL ASSETS	**47,428**	43,497
	Current liabilities		
22	Trade and other payables	**(6,714)**	(3,387)
	Net assets	**40,714**	40,110
25	**Capital and reserves**		
	Equity share capital	**1,243**	1,243
	Share premium account	**17,447**	17,447
	Other reserves	**6,910**	6,910
	Retained earnings	**15,132**	14,577
	Hedging reserve	**(18)**	(67)
	Total equity	**40,714**	40,110

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account of the Parent Company has not been presented. The Parent Company's profit for the financial year is £1,220,000 (2017: £182,000 loss).

These financial statements were approved by the Board of Directors on 12 June 2018 and were signed on its behalf by:

J L Foster
Director
Registered company number: 03416346

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2018

	2018 £'000	2017 £'000
Cash flows from operating activities		
Profit for the year after taxation	**2,517**	1,427
Adjusted for:		
(i) Non-cash items:		
Depreciation and Amortisation	**1,692**	1,587
Professional fees incurred for Takeover bid and defence	**-**	530
Gain on disposal of fixed assets	**(59)**	(76)
Share of Joint Venture profit	**(18)**	(105)
Interest cost on pension scheme liabilities	**73**	88
Equity-settled share-based payment expenses	**37**	15
Non-cash items adjustment	**1,725**	2,039
(ii) Other items:		
Bank interest receivable	**(20)**	(21)
Bank interest payable	**130**	127
Finance lease interest payable	**233**	239
Decrease / (Increase) in finance leases receivable	**128**	3
Corporation and deferred tax expense	**779**	460
Other adjustments	**1,250**	808
Operating cash flow before changes in working capital and provisions	**5,492**	4,274
Decrease / (increase) in trade and other receivables	**97**	(2,645)
Decrease in inventories	**829**	971
(Decrease) / increase in trade and other payables	**(1,399)**	686
Changes in working capital and provisions	**(473)**	(988)
Cash generated from operations	**5,019**	3,286
Cash outflow on option exercise	**(19)**	(10)
Payments to pensioners	**(102)**	(113)
Professional fees paid for Takeover bid and defence	**(165)**	(365)
Corporation taxes paid	**(475)**	(336)
Net cash flow from operating activities	**4,258**	2,462
Cash flows from investing activities		
Purchase of property, plant and equipment	**(745)**	(1,790)
Purchase of software	**(58)**	-
Proceeds from the disposal of property, plant & equipment	**61**	76
Loans received from joint venture	**24**	200
Interest received	**20**	21
Net cash flow from investing activities	**(698)**	(1,493)

Continued on next page.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2018

Cash flow from financing activities	**2018 £'000**	**2017 £'000**
Repayment of bank loans	**(499)**	(426)
Repayment of finance lease principal	**(109)**	(164)
Finance lease interest paid	**(233)**	(239)
Bank interest paid	**(132)**	(126)
Bank loan drawn down	**-**	990
Hire purchase loan drawn down	**35**	38
Dividends paid	**(683)**	-
Net cash flow from financing activities	**(1,621)**	73
Net increase in cash and cash equivalents	**1,939**	1,042
Cash and cash equivalents at start of year	**15,079**	14,037
Cash and cash equivalents at end of year	**17,018**	15,079

Company Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2018

Notes		2018 £'000	2017 £'000
	Cash flows from operating activities		
	Holding Company profit / (loss) for the year	**1,220**	(182)
	Adjusted for:		
	Bank interest receivable	**(10)**	(19)
	Professional fees incurred on the failed Takeover	**-**	530
	Ineffective portion of cash flow hedge	**(2)**	(1)
	Equity-settled share-based payment expenses	**36**	39
14	Impairment of investment	**-**	511
	Corporation and deferred tax expense	**35**	37
	Operating cash flow before changes in working capital and provisions	**1,279**	915
	Decrease in trade and other receivables	**-**	3
	(Decrease) / increase in trade and other payables	**(107)**	47
	Changes in working capital and provisions	**(107)**	50
	Cash generated from operations	**1,172**	965
	Cash outflow on option exercise	**(19)**	(7)
	Professional fees paid for Takeover bid and defence	**(165)**	(365)
	Corporation taxes paid	**(117)**	(93)
	Net cash flow from operating activities	**871**	500
	Cash flow from financing activities		
	Cash flows in inter-company borrowing	**3,628**	(3,500)
	Interest received	**10**	19
	Dividends paid	**(683)**	-
	Net cash flow from financing activities	**2,955**	(3,481)
	Net increase / (decrease) in cash and cash equivalents	**3,826**	(2,981)
	Cash and cash equivalents at start of year	**8,780**	11,761
	Cash and cash equivalents at end of year	**12,606**	8,780

Consolidated Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED 31 MARCH 2018

	Equity share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Hedge reserve £'000	**Total equity £'000**
Balance at 1 April 2016	1,243	17,447	1,162	18,799	(82)	38,569
Profit for the year	-	-	-	1,427	-	1,427
Share based payments	-	-	-	15	-	15
Share option exercise	-	-	-	(10)	-	(10)
Cash flow hedges - effective portion of changes in fair value	-	-	-	-	15	15
Re-measurement of the defined benefit pension liability, net of tax	-	-	-	(271)	-	(271)
Balance at 31 March 2017	**1,243**	**17,447**	**1,162**	**19,960**	**(67)**	**39,745**
Profit for the year	-	-	-	**2,517**	**-**	**2,517**
Share based payments	-	-	-	**37**	**-**	**37**
Share option exercise	-	-	-	**(19)**	**-**	**(19)**
Cash flow hedges - effective portion of changes in fair value	-	-	-	**-**	**49**	**49**
Re-measurement of the defined benefit pension liability, net of tax	-	-	-	**87**	**-**	**87**
Dividends paid	-	-	-	**(683)**	**-**	**(683)**
Balance at 31 March 2018	**1,243**	**17,447**	**1,162**	**21,899**	**(18)**	**41,733**

Company Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED 31 MARCH 2018

	Equity share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Hedge reserve £'000	**Total equity £'000**
Balance at 1 April 2016	1,243	17,447	6,910	14,754	(82)	40,272
Loss for the year	-	-	-	(182)	-	(182)
Share based payments	-	-	-	15	-	15
Option exercise	-	-	-	(10)	-	(10)
Cash flow hedges - effective portion of changes in fair value	-	-	-	-	15	15
Balance at 31 March 2017	**1,243**	**17,447**	**6,910**	**14,577**	**(67)**	**40,110**
Profit for the year	-	-	-	**1,220**	**-**	**1,220**
Share based payments	-	-	-	**37**	**-**	**37**
Option exercise	-	-	-	**(19)**	**-**	**(19)**
Cash flow hedges - effective portion of changes in fair value	-	-	-	**-**	**49**	**49**
Dividends paid	-	-	-	**(683)**	**-**	**(683)**
Balance at 31 March 2018	**1,243**	**17,447**	**6,910**	**15,132**	**(18)**	**40,714**

A profit of £1,220,000 (2017: £182,000 loss) has been dealt with in the accounts of the Parent Company.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

Notes to the Financial Statements

1. Accounting policies

General information

FIH group plc (the “Company”) is a company limited by shares incorporated and domiciled in the UK.

Reporting entity

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The Parent Company financial statements present information about the Company as a separate entity and not about its group.

Basis of preparation

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRS”). On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment next year are discussed in note 30.

The financial statements are presented in pounds sterling, rounded to the nearest thousand and are prepared on the historical cost basis.

The Directors are responsible for ensuring that the Group has adequate financial resources to meet its projected liquidity requirements and also for ensuring forecast earnings are sufficient to meet the covenants associated with the Group’s banking facilities.

As in prior years the Directors have reviewed the Group’s medium term forecasts and considered a number of possible trading scenarios and are satisfied the Group’s existing resources (including committed banking facilities) are sufficient to meet its needs. As a consequence the Directors believe the Group is well placed to manage its business risk.

The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive’s Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Chief Executive’s Strategic Report. In addition, note 26 to the financial statements includes the Group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries the Directors have a reasonable expectation that the Company and Group have adequate facilities to continue in operational existence for the foreseeable future, and have continued to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of FIH group plc and its subsidiaries (the “Group”). A subsidiary is any entity FIH group plc has the power to control. Control is determined by FIH group plc’s exposure or rights, to variable returns from its involvement with the subsidiary and the ability to affect those returns. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intra-company balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Investments in subsidiaries within the Company balance sheet are stated at impaired cost.

Presentation of income statement

Due to the non-prescriptive nature under IFRS as to the format of the income statement, the format used by the Group is explained below.

Operating profit is the pre-finance profit of continuing activities and acquisitions of the Group, and in order to achieve consistency and comparability, is analysed to show separately the results of normal trading performance ("underlying profit"), individually significant charges and credits, changes in the fair value of financial instruments and amortisation of intangible assets on acquisition ("amortisation and non-trading items"). Such items arise because of their size or nature.

In 2018 these non- trading items comprise:

- Gain on the disposal of fixed assets in PHFC - £61,000

In 2017 these items comprised:

- Professional costs incurred in dealing with the failed bid by Staunton Holdings and the defence against a possible bid by the, Argentine controlled, Dolphin Fund - £530,000
- Profit on the sale of certain plant and machinery owned by SAtCO, following an impairment in the previous year - £81,000
- Gain on vessel disposal in PHFC - £76,000
- Amortisation of intangible assets - £136,000

Foreign currencies

Transactions in foreign currencies are translated to the functional currencies of Group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the relevant rates of exchange ruling at the balance sheet date and the gains or losses thereon are included in the income statement.

Non-monetary assets and liabilities are translated using the exchange rate at the date of the initial transaction.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises purchase price and directly attributable expenses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Freehold buildings	20 – 50 years
Long leasehold land and buildings	50 years
Vehicles, plant and equipment	4 – 10 years
Ships	15 – 30 years

The carrying value of assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If an indication of impairment exists, the assets are written down to their recoverable amount and the impairment is charged to the income statement in the period in which it arises. Freehold land and assets under construction are not depreciated.

Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less any accumulated depreciation (calculated on useful economic lives in line with accounting policy, as stated under property, plant and equipment above) and any impairment losses.

Notes to the Financial Statements

CONTINUED

Joint Ventures

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the joint venture partners' unanimous consent for strategic financial and operating decisions. FIH group plc has joint control over an investee when it has exposure or rights to variable returns from its involvement with the joint venture and has the ability to affect those returns through its joint power over the entity.

Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and businesses.

Acquisitions prior to 1 April 2006

In respect to acquisitions prior to transition to IFRS, goodwill is recorded on the basis of deemed cost, which represents the amount recorded under previous Generally Accepted Accounting Principles ("GAAP") as at the date of transition. The classification and accounting treatment of business combinations which occurred prior to transition has not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 April 2006. Goodwill is not amortised but reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Acquisitions on or after 1 April 2006

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use. The estimated useful lives were 6-10 years for customer relationships, which were all fully amortised by 31 March 2017, and in the year ended 31 March 2014, the Directors reviewed the life of the brand name at Momart and after considerations of its strong reputation in a niche market and its history of stable earnings and cash flow, which is expected to continue into the foreseeable future, determined that its useful life is indefinite, and amortisation ceased from 1 October 2013.

Computer software

Acquired computer software is capitalised as an intangible asset on the basis of the cost incurred to acquire and bring the specific software into use. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life of computer software is seven years.

Impairment of non-financial assets

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. Goodwill and intangible assets with indefinite lives are tested for impairment, at least annually. Where an indicator of impairment exists or the asset requires annual impairment testing, the Group makes a formal estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

Recoverable amount is the greater of an asset's or cash-generating unit's fair value less cost to sell or value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Finance income and expense

Net financing costs comprise interest payable and interest receivable which are recognised in the income statement. Interest income and interest payable are recognised as a profit or loss as they accrue, using the effective interest method.

Employee share awards

The Group provides benefits to certain employees (including Directors) in the form of share-based payment transactions, whereby the recipient renders service in return for shares or rights over future shares ("equity settled transactions"). The cost of these equity settled transactions with employees is measured by reference to an estimate of their fair value at the date on which they were granted using an option input pricing model taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of share options that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market performance vesting conditions, the grant date fair value of the share-based payments is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes.

The cost of equity settled transactions is recognised, together with a corresponding increase in reserves, over the period in which the performance conditions are fulfilled, ending on the date that the option vests. Where the Company grants options over its own shares to the employees of subsidiaries, it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equal to the equity settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

The cost of raw materials, consumables and goods for resale comprises purchase cost, on a weighted average basis and where applicable includes expenditure incurred in transportation to the Falkland Islands.

Work-in-progress and finished goods cost includes direct materials and labour plus attributable overheads based on a normal level of activity.

Construction-in-progress is stated at the lower of cost and net realisable value.

Net realisable value is estimated at selling price in the ordinary course of business less costs of disposal.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable by the Group for goods supplied and services rendered in the normal course of business, net of discounts and excluding VAT.

Notes to the Financial Statements

CONTINUED

Revenue principally arises from retail sales, the provision of ferry services and the provision of storage and transportation services for fine art works. In the Falkland Islands, revenue also includes proceeds from property sales, property rental income, insurance commissions, revenues billed for shipping and agency activities and port services. Revenue from sale of goods is recognised at the point of sale or dispatch, which approximates to the point when significant risks and rewards are transferred to the buyer, whilst that of the ferry, fine art logistics and other services is recognised when the service is provided. Revenue from property sales is recognised on completion.

For fine art exhibition logistical work undertaken, where the costs incurred and the costs to complete the transaction can be measured reliably, the amount of profit attributable to the stage of completion of a contract is recognised on the basis of the incurred percentage of anticipated cost, which in the opinion of the Directors, is the most appropriate proxy for the stage of completion. This is applied only to significant long term projects spanning the year end, however there were no such contracts at the current or prior year end. Provision is made for losses as soon as they are foreseeable.

Pensions

Defined contribution pension schemes

The Group operates three defined contribution schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the income statement represents the contributions payable to the schemes in respect to the accounting period.

Defined benefit pension schemes

The Group has one pension scheme providing benefits based on final pensionable pay, which is unfunded and closed to further accrual. The Group's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to its present value; and any unrecognised past service costs are deducted.

The liability discount rate is the yield at the balance sheet date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are recognised immediately within profit and loss. The net interest cost on the defined benefit liability for the period is determined by applying the discount rate used to measure the defined benefit obligation at the end of the period to the net defined benefit liability at the beginning of the period. It takes into account any changes in the net defined benefit liability during the period. Re-measurements of the defined benefit pension liability are recognised in full in the period in which they arise in the statement of comprehensive income.

Trade and other receivables

Trade receivables are carried at amortised cost, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Trade and other payables

Trade and other payables are stated at their cost less payments made.

Dividends

Dividends unpaid at the balance sheet date are only recognised as liabilities at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary timing differences are not recognised:

- Goodwill not deductible for tax purposes; and
- Initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits.
- Temporary differences related to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is recognised at the tax rates that are expected to be applied to the temporary differences when they reverse, based on rates that have been enacted or substantially enacted by the reporting date.

Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

As lessee

Rental operating leases are charged to the income statement on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

As lessor

Assets under hire purchase agreements are shown in the balance sheet under current assets to the extent they are due within one year, and under non-current assets to the extent that they are due after more than one year, and are stated at the value of the net investment in the agreements. The income from such agreements is credited to the income statement each year so as to give a constant rate of return on the funds invested.

Assets held for leasing out under operating leases are included in investment property (where they constitute land and buildings) or in property, plant and equipment (where they do not constitute land and buildings) at cost less accumulated depreciation and impairment losses. Rental income is recognised on a straight-line basis.

Rental income is received from investment property rentals in the Falklands. This income from operating leases is charged to the income statement on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income. None of these lease agreements exceed a twelve month period.

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Finance lease payments

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period of the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Cash-flow hedges

The effective portions of changes in the fair values of derivatives that are designated and qualify as cash-flow hedges are recognised in equity. The gain or loss to any ineffective portion is recognised immediately in the income statement. Amounts accumulated in the hedging reserve are recycled to the income statement in the periods when the hedged items will affect profit or less.

Adoption of new and revised standards

The group has consistently applied the accounting policies set out in this note to all periods presented in these consolidated financial statements.

The following adopted IFRSs are available for early application but have not been applied by the Group in these financial statements:

- IFRS 9 Financial Instruments (effective date 1 January 2018)
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018)
- IFRS 16 Leases (effective date 1 January 2019)

Each of the above is effective for accounting periods beginning on or after 1 April 2018 and will be adopted in the Group and Company financial statements when they become effective.

The Directors are currently undertaking a project to assess the impact of the adoption of IFRS 15 Revenue from Contracts with Customers (‘IFRS 15’) on the Group. IFRS 15 introduces a new five step model to recognise revenue, replacing the current standards and interpretations in issue (such as IAS 18 Revenue). The results of our project to date indicate that the expected impact on the financial statements of the adoption of IFRS15 is not currently expected to result in a material adjustment to the accounts for the year ending 31 March 2019 when IFRS 15 is required to be adopted by the Group.

The adoption of IFRS 16: Leases, and the resulting change in the accounting treatment of operating leases, will have a significant impact on the Group’s financial statements resulting from a the revised treatment of the ground rent payable on the 50 year lease for the Gosport pontoon, and the significant rental payments incurred on the storage facilities at Momart.

No other standards are expected to have any significant impact on the financial statements of the Group or Company.

2. Segmental Information Analysis

The Group is organised into three operating segments, and information on these segments is reported to the chief operating decision maker ('CODM') for the purposes of resource allocation and assessment of performance. The CODM has been identified as the Board of Directors.

The operating segments offer different products and services and are determined by business type: goods and essential services in the Falkland Islands, the provision of ferry services and art logistics and storage.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill and any other assets purchased through the acquisition of a business.

As part of our normal reporting procedures, the basis of allocation of head office costs to the group's three operating companies was reviewed and adjusted to produce a more up to date and accurate reflection of how resources are deployed. These changes have no impact on the group's total profitability, but small changes in the weight of costs allocated to each company have been applied, to both the current and prior year profits for each subsidiary on a consistent basis.

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2. Segmental Information Analysis CONTINUED

2018	General trading (Falklands) £'000	Ferry Services (Portsmouth) £'000	Art logistics and storage (UK) £'000	Unallocated £'000	Total £'000
Revenue	18,259	4,349	21,222	-	43,830
Segment operating profit before tax & non-trading items	1,385	1,177	1,071	-	3,633
Gain on sale of fixed assets	-	61	-	-	61
Segment operating profit	1,385	1,238	1,071	-	3,694
Share of result of joint venture	18	-	-	-	18
Profit before net financing costs	1,403	1,238	1,071	-	3,712
Interest income	8	11	1	-	20
Interest expense	(73)	(328)	(35)	-	(436)
Net finance expense	(65)	(317)	(34)	-	(416)
Segment profit before tax	1,338	921	1,037	-	3,296
Assets and liabilities					
Segment assets	22,972	15,143	15,469	12,618	66,202
Segment liabilities	(8,843)	(8,869)	(6,390)	(367)	(24,469)
Segment net assets	14,129	6,274	9,079	12,251	41,733
Other segment information					
Capital expenditure:					
Property, plant and equipment	267	186	170	-	623
Investment properties	122	-	-	-	122
Computer software	-	-	58	-	58
Total Capital expenditure	389	186	228	-	803
Depreciation:					
Property, plant and equipment	524	581	421	-	1,526
Investment properties	94	-	-	-	94
Computer software	-	-	72	-	72
Total Depreciation	618	581	493	-	1,692
Underlying profit before tax					
Segment operating profit	**1,385**	**1,177**	**1,071**	**-**	**3,633**
Share of results of joint venture	**18**	**-**	**-**	**-**	**18**
Underlying profit before net financing costs	**1,403**	**1,177**	**1,071**	**-**	**3,651**
Interest income	8	11	1	-	20
Interest expense	(73)	(328)	(35)	-	(436)
Underlying profit before tax	**1,338**	**860**	**1,037**	**-**	**3,235**

2. Segmental Information Analysis CONTINUED

2017	General trading (Falklands) £'000	Ferry Services (Portsmouth) £'000	Art logistics and storage (UK) £'000	Unallocated £'000	Total £'000
Revenue	17,828	4,286	18,380	-	40,494
Segment operating profit before tax, amortisation & non-trading items	1,136	1,216	453	-	2,805
Restructuring costs	-	-	-	(530)	(530)
Gain on sale of vessel	-	76	-	-	76
Amortisation	-	-	(136)	-	(136)
Segment operating profit	1,136	1,292	317	(530)	2,215
Share of result of joint venture	24	-	-	-	24
Reversal of Impairment	81	-	-	-	81
Profit before net financing costs	1,241	1,292	317	(530)	2,320
Interest income	14	4	3	-	21
Interest expense	(88)	(349)	(17)	-	(454)
Net finance expense	(74)	(345)	(14)	-	(433)
Segment profit before tax	1,167	947	303	(530)	1,887
Assets and liabilities					
Segment assets	24,601	16,556	16,279	8,792	66,228
Segment liabilities	(11,419)	(9,359)	(4,956)	(749)	(26,483)
Segment net assets	13,182	7,197	11,323	8,043	39,745
Other segment information					
Capital expenditure:					
Property, plant and equipment	578	241	971	-	1,790
Investment properties	-	-	-	-	-
Total Capital Expenditure	578	241	971	-	1,790
Depreciation:					
Property, plant and equipment	492	447	385	-	1,324
Investment properties	72	-	-	-	72
Computer software	-	-	55	-	55
Total Depreciation	564	447	440	-	1,451
Amortisation of intangible assets on acquisition of Momart	-	-	136	-	136
Underlying profit before tax					
Segment operating profit	**1,136**	**1,216**	**453**	**-**	**2,805**
Share of results of joint venture	**24**	**-**	**-**	**-**	**24**
Underlying profit before net financing costs	**1,160**	**1,216**	**453**	**-**	**2,829**
Interest income	14	4	3	-	21
Interest expense	(88)	(349)	(17)	-	(454)
Underlying profit before tax	**1,086**	**871**	**439**	**-**	**2,396**

Notes to the Financial Statements

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2. Segmental Information Analysis CONTINUED

The £12,618,000 (2017: £8,792,000) unallocated assets above include £12,606,000 (2017: £8,780,000) of cash and £12,000 (2017: £12,000) of prepayments held in FIH group plc.

The £367,000 (2017: £749,000) unallocated liabilities above consist of accruals and tax balances held in FIH group plc.

3. Geographical analysis

The tables below analyse revenue and other information by geography:

2018	United Kingdom £'000	Falkland Islands £'000	Total £'000
Revenue (by source)	25,571	18,259	43,830
Assets and Liabilities:			
Non-current segment assets, excluding deferred tax	23,901	11,691	35,592
Capital expenditure	414	389	803

2017	United Kingdom £'000	Falkland Islands £'000	Total £'000
Revenue (by source)	22,666	17,828	40,494
Assets and Liabilities:			
Non-current segment assets, excluding deferred tax	24,563	12,157	36,720
Capital expenditure	1,212	578	1,790

4. Revenue

	2018 £'000	2017 £'000
Sale of goods	**11,006**	11,206
Rendering of services	**32,824**	29,288
Total revenue	**43,830**	40,494

5. Non-trading items and amortisation of intangible assets

	2018 £'000	2017 £'000
Profit before tax as reported	**3,296**	1,887
Reverse non-trading items:		
Costs incurred from the Takeover bid	**-**	530
Proceeds on the sale of vessels and other fixed assets	**(61)**	(76)
Reversal of impairment of the joint venture fixed assets	**-**	(81)
Amortisation charge on Momart intangible assets acquired	**-**	136
Total non-trading items and amortisation	**(61)**	509
Underlying profit before tax	**3,235**	2,396

Tax on non-trading items

In the year ended 31 March 2018, a £12,000 tax charge has been included in the Group's income statement in respect of the £61,000 non-trading gain arising on the sale of fixed assets.

In the year ended 31 March 2017, a £30,000 tax credit has been included in the Group's income statement in respect of the £509,000 non-trading items, which includes a £45,000 deferred tax credit on the intangible assets purchased in Momart in 2008, offset against the £15,000 income tax payable on the profit arising on the sale of fixed assets. The £530,000 of costs incurred from the aborted Takeover bid has not been treated as a tax deductible expense.

6. Expenses and auditor's remuneration

The following expenses have been included in the profit and loss.

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Direct operating expenses of rental properties	251	263	-	-
Depreciation	1,620	1,396	-	-
Depreciation of computer software	72	55	-	-
Amortisation of intangible assets	-	136	-	-
Foreign currency losses	30	6	-	-
Impairment loss on trade and other receivables	148	44	-	-
Cost of inventories recognised as an expense	9,383	9,552	-	-
Operating lease payments	1,153	1,050	-	-

Notes to the Financial Statements
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6. Expenses and auditor's remuneration CONTINUED

Auditor's remuneration

	2018 £'000	2017 £'000
Audit of these financial statements	**37**	33
Audit of subsidiaries' financial statements pursuant to legislation	**79**	73
Other assurance services	**9**	4
Total auditor's remuneration	**125**	110

Amounts paid to the Company's auditors and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

7. Staff numbers and cost

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

		Number of Employees			
		Group		Company	
		2018	2017	**2018**	2017
Ferry services		**37**	38	**-**	-
Falkland Islands:	in Stanley	**146**	159	**-**	-
	in UK	**5**	6	**-**	-
Art logistics & storage		**142**	131	**-**	-
Head office		**5**	4	**5**	4
Total average staff numbers		**335**	**338**	**5**	**4**

The aggregate payroll cost of these persons was as follows:

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Wages and salaries	**11,505**	10,914	**418**	457
Share-based payments (see note 24)	**37**	15	**36**	39
Social security costs	**945**	909	**52**	50
Contributions to defined contribution plans	**295**	298	**9**	9
Total employment costs	**12,782**	**12,136**	**515**	**555**

Details of audited Directors' remuneration are provided in the Directors' Report, under the heading 'Details of Directors' Remuneration and Emoluments'.

8. Finance income and expense

	2018 £'000	2017 £'000
Bank interest receivable	**20**	21
Total financial income	**20**	**21**

	2018 £'000	2017 £'000
Interest payable on bank loans	**(130)**	(127)
Net interest cost on the FIC defined benefit pension scheme liability	**(73)**	(88)
Finance lease interest payable	**(233)**	(239)
Total finance expense	**(436)**	**(454)**

9. Taxation

Recognised in the income statement

	2018 £'000	2017 £'000
Current tax expense		
Current year	**569**	357
Adjustments for prior years	**70**	(25)
Current tax expense	**639**	332
Deferred tax expense		
Origination and reversal of temporary differences	**105**	166
Reduction in tax rate	**-**	(65)
Adjustments for prior years	**35**	27
Deferred tax expense	**140**	**128**
Total tax expense	**779**	**460**

Notes to the Financial Statements
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9. Taxation CONTINUED

Recognised in the income statement

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	**3,296**	1,887
Tax using the UK corporation tax rate of 19% (2017: 20%)	**626**	377
Expenses not deductible for tax purposes	**(5)**	174
Timing differences	**15**	-
Effect of higher tax rate overseas	**41**	-
Difference in the rate of deferred tax	**-**	(72)
Income from joint ventures	**(3)**	(21)
Adjustments to tax charge in respect of previous periods	**105**	2
Total tax expense	**779**	**460**

Tax recognised directly in other comprehensive income

	2018 £'000	2017 £'000
Deferred tax (expense) / tax credit recognised directly in other comprehensive income	**(30)**	95

Reductions in the UK corporation tax rate from 20% to 19% on 1 April 2017 and to 17% on 1 April 2020 were substantively enacted on 18 November 2015 and 15 October 2016 respectively. This will reduce the Company's future current tax charge accordingly. The deferred tax assets and liabilities at 31 March 2018 and 2017 have been calculated based on the rates substantively enacted at the balance sheet date. In the UK deferred tax has been provided at 17%.

The deferred tax assets and liabilities in the Falkland Islands have been calculated at the Falklands' tax rate of 26%.

10. Earnings per share

The calculation of basic earnings per share is based on profits on ordinary activities after taxation, and the weighted average number of shares in issue in the period, excluding shares held under the Employee Share Ownership Plan ('ESOP') (see note 25).

The calculation of diluted earnings per share is based on profits on ordinary activities after taxation and the weighted average number of shares in issue in the period, excluding shares held under the ESOP, adjusted to assume the full issue of share options outstanding, to the extent that they are dilutive.

	2018 £'000	2017 £'000
Profit on ordinary activities after taxation	**2,517**	1,427

	2018 number	2017 number
Weighted average number of shares in issue	**12,434,418**	12,431,715
Less: shares held under the ESOP	**(18,297)**	(24,849)
Average number of shares in issue excluding the ESOP	**12,416,121**	12,406,866
Maximum dilution with regards to share options	**108,391**	23,639
Diluted weighted average number of shares	**12,524,512**	12,430,505

	2018	2017
Basic earnings per share	**20.3p**	11.5p
Diluted earnings per share	**20.1p**	11.5p

To provide a comparison of earnings per share on underlying performance, the calculation below sets out basic and diluted earnings per share based on underlying profits.

Earnings per share on underlying profit

	2018 £'000	2017 £'000
Underlying profit before tax (see note 5)	**3,235**	2,396
Taxation	**(767)**	(490)
Underlying profit after tax	**2,468**	1,906
Effective tax rate	**23.7%**	20.5%
Weighted average number of shares in issue excluding the ESOP (from above)	**12,416,121**	12,406,866
Diluted weighted average number of shares (from above)	**12,524,512**	12,430,505
Basic earnings per share on underlying profit	**19.9p**	15.4p
Diluted earnings per share on underlying profit	**19.7p**	15.3p

Notes to the Financial Statements

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11. Intangible assets

	Computer Software £'000	Customer relationships £'000	Brand name £'000	Total £'000	Total £'000
Cost:					
At 31 March 2016	479	1,274	2,823	11,576	16,152
Disposals	-	(1,274)	-	-	(1,274)
At 31 March 2017	479	-	2,823	11,576	14,878
Additions	58	-	-	-	58
At 31 March 2018	**537**	**-**	**2,823**	**11,576**	**14,936**
Accumulated amortisation:					
At 1 Apr 2016	209	1,138	785	1,983	4,115
Depreciation of computer software	55	-	-	-	55
Disposals	-	(1,274)	-	-	(1,274)
Amortisation of other intangibles for the year	-	136	-	-	136
At 31 March 2017	264	-	785	1,983	3,032
Depreciation of computer software	72	-	-	-	72
At 31 March 2018	**336**	**-**	**785**	**1,983**	**3,104**
Net book value:					
At 1 April 2016	270	136	2,038	9,593	12,037
At 31 March 2017	215	-	2,038	9,593	11,846
At 31 March 2018	**201**	**-**	**2,038**	**9,593**	**11,832**

Amortisation and impairment charges are recognised in operating expenses in the income statement. Customer relationships are ongoing relationships, both contractual and otherwise with customers considered to be of future economic benefit to the Group with estimated economic lives of 6 - 10 years. As at 31 March 2017 these intangible assets were fully amortised. No further amortisation of these intangible assets will now arise. The Momart brand name has a carrying value of £2,038,000 and is considered to be of future economic value to the Group with an estimated indefinite useful economic life. It is reviewed annually for impairment as part of the art logistics and storage review.

Goodwill

Goodwill is allocated to the Group's Cash Generating Units (CGUs) which principally comprise its business segments. A segment level summary of goodwill is shown below:

	Art logistics and storage £'000	Ferry Services (Portsmouth) £'000	Falkland Islands £'000	Total £'000
At 1 April 2016, 31 March 2017 and 31 March 2018	5,577	3,979	37	9,593

Impairment

The Group tests material goodwill annually for impairment or more frequently if there are indications that goodwill and / or indefinite life assets might be impaired. An impairment test is a comparison of the carrying value of the assets of a CGU, based on a value-in-use calculation, to their recoverable amounts. Where the recoverable amount is less than the carrying value an impairment results. During the year the goodwill and indefinite life intangibles for each CGU was separately assessed and tested for impairment, with no impairment charges resulting (2017: nil). As part of testing goodwill and indefinite life intangibles for impairment, forecast operating cash flows for 2019 have been used, which are based on approved budgets and plans by the Board of FIH group plc, together with growth rates of 2%. These forecasts represent the best estimate of future performance of the CGUs based on past performance and expectations for the market development of the CGU.

A number of key assumptions are used as part of impairment testing. These key assumptions are made by management reflecting past experience combined with their knowledge as to future performance and relevant external sources of information.

Discount rates

Within impairment testing models, the cash flows of the Art Logistics and Storage CGU have been discounted using a pre-tax discount rate of 12.9% (2017: 13.0%), and the cash flows of the Ferry Services have been discounted using a pre-tax discount rate of 12.3% (2017: 12.4%). Management have determined that each rate is appropriate as the risk adjustment applied within the discount rate reflects the risks and rewards inherent to each CGU, based on the industry and geographical location it is based within.

Long term growth rates

Long term growth rates of 2% have been used for all CGUs as part of the impairment testing models. This growth rate does not exceed the long term average growth rate for the UK, in which the CGUs operate. For both Ferry Services and Art Logistics and Storage, the future cash flows are based on the latest budgets and business plans, which take account of known business conditions, and are therefore consistent with past experience.

Other assumptions

Other assumptions used within impairment testing models include an estimation of long term effective tax rate for the CGUs. The long-term effective rate of tax assumption is consistent with current tax rates.
Sensitivity to changes in assumptions

Using a discounted cash flow methodology necessarily involves making numerous estimates and assumptions regarding growth, operating margins, tax rates, appropriate discount rates, capital expenditure levels and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. In addition, judgements are applied by the Directors in determining the level of cash generating units and the criteria used to determine which assets should be aggregated. A difference in testing levels could further affect whether an impairment is recorded and the extent of impairment loss.

Assumptions specific to ferry services (Portsmouth)

Value in use was determined by discounting future cash flows in line with the other assumptions discussed above. Management have forecast consistent growth in cash flows of 2% in both the short and long term. The value in use was determined to exceed the carrying amount and no impairment has been recognised (2017: £nil). It is not considered that a reasonably possible change in any of these assumptions would generate a different impairment test outcome to the one included in this annual report. The key assumptions made in the estimation of future cash flows are the passenger numbers and the average revenue per passenger.

Assumptions specific to arts logistics and storage (UK)

Value in use was determined by discounting future cash flows in line with the other assumptions as discussed above. Cash flows were projected based on approved budgets and plans over the forecast period, with a long term growth rate of 2%. The carrying value of the unit was determined to not be higher than its recoverable amount and no impairment was recognised (2017: nil). The key assumptions made in the estimation of future cash flows are in relation to revenue. Sensitivity analysis as at 31 March 2018 indicated that should the discount rate increase by 1%, or pre-tax cash flows decrease by 10% this would not result in an impairment charge being recognised. Sensitivity analysis that should the pre-tax cash flows fall to be the average result for the period 2016-18 this would result in an impairment charge being recognised of £0.4 million in the financial statements in respect of the valuation of the goodwill and brand name in relation to Momart.

Notes to the Financial Statements

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11. Intangible assets CONTINUED

Sensitivity analysis as at 31 March 2017 indicated that should the discount rate increase by 1%, (2017: assumption 13.0%) pre-tax cash flows decrease by 10% or the growth rate by decrease by 1% (existing assumption 2%) this would result in an impairment charge being recognised of between £0.8 million to £1.0 million in the financial statements in respect of the valuation of the goodwill and intangible in relation to Momart.

12. Property, plant and equipment

	Freehold Land & buildings £'000	Long leasehold Land & buildings £'000	Ships £'000	Vehicles, plant and equipment £'000	Total £'000
Cost:					
At 1 April 2016	7,842	7,237	6,811	7,806	29,696
Additions in year	122	818	19	831	1,790
Transfer to investment properties	(170)	-	-	-	(170)
Transfer to stock	-	-	-	(221)	(221)
Disposals	-	-	-	(155)	(155)
At 31 March 2017	7,794	8,055	6,830	8,261	30,940
Additions in year	64	80	40	439	623
Transfer to stock	-	-	-	(178)	(178)
Transfer to investment properties	-	(367)	-	-	(367)
Disposals	-	-	(44)	(15)	(59)
At 31 March 2018	**7,858**	**7,768**	**6,826**	**8,507**	**30,959**
Accumulated depreciation:					
At 1 April 2016	1,931	1,282	1,607	4,946	9,766
Charge for the year	280	142	247	655	1,324
Transfer to stock	-	-	-	(135)	(135)
Transfer to investment properties	(7)	-	-	-	(7)
Disposals	-	-	-	(155)	(155)
At 31 March 2017	2,204	1,424	1,854	5,311	10,793
Charge for the year	278	167	251	830	1,526
Transfer to stock	-	-	-	(105)	(105)
Transfer to investment properties	-	(43)	-	-	(43)
Disposals	-	-	(44)	(13)	(57)
At 31 March 2018	**2,482**	**1,548**	**2,061**	**6,023**	**12,114**
Net book value:					
At 1 April 2016	5,911	5,955	5,204	2,860	19,930
At 31 March 2017	5,590	6,631	4,976	2,950	20,147
At 31 March 2018	**5,376**	**6,220**	**4,765**	**2,484**	**18,845**

At 31 March 2018 the net carrying amount of leased long leasehold land and buildings and vehicles, plant and equipment was £4,283,000 and £273,000 for the Gosport Pontoon and trucks at Momart respectively, (2017: £4,385,000 and £346,000). During the year to 31 March 2018, Momart acquired one van on hire purchase, which cost £46,000 and was funded by a £35,000 finance lease.

The Company has no tangible fixed assets.

13. Investment properties

	Group		
	Residential & commercial property £'000	Freehold land £'000	Total £'000
Cost:			
At 1 April 2016	3,467	723	4,190
Transfer from Freehold properties	132	38	170
At 31 March 2017	3,599	761	4,360
Transfer from leasehold	367	-	367
Additions in year	122	-	122
Disposals	(36)	-	(36)
At 31 March 2018	**4,052**	**761**	**4,813**
Accumulated depreciation:			
At 1 April 2016	558	-	558
Transfer from Freehold properties	7	-	7
Charge for the year	72	-	72
At 31 March 2017	637	-	637
Transfer from PPE	43	-	43
Disposals	(6)	-	(6)
Charge for the year	94	-	94
At 31 March 2018	**768**	**-**	**768**
Net book value:			
At 1 April 2016	2,909	723	3,632
At 31 March 2017	2,962	761	3,723
At 31 March 2018	**3,284**	**761**	**4,045**

The investment properties comprise residential and commercial property held for rental in the Falkland Islands. Investment properties include 49 properties held for rental and 400 acres of land, including 70 acres in Stanley, 58 acres of which have planning permission. In addition, the Group has 300 acres of land on the North shore of Stanley Harbour at Fairy Cove. The net book value of the 700 acres of land held in investment properties is £0.76 million (2017: £0.76 million).

Estimated Fair Value

The expected market value of these investment properties has been reviewed by the Directors of FIC who are resident in the Falkland Islands and who are considered to have the relevant knowledge and experience to undertake the valuation. At 31 March 2018 the fair value of this property portfolio, including land, was estimated at £7.4 million (31 March 2017: £7.2 million). The 49 rental properties are estimated to have a current market value of £5.2 million (2017: £5.0 million); the increase from the prior year is due to the addition of further property into the investment property portfolio. Of the overall uplift on net book value of £3.4 million, £1.4 million of this uplift arose on the development land, where the £2.2 million valuation exceeds the £0.8 million book value.

Rental income

During the year to 31 March 2018, the Group received rental income of £479,000 (2017: £424,000) from its investment properties and from the ten mobile homes rented to staff, which were transferred to investment properties from long leasehold property during the year ended 31 March 2018.

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13. Investment properties CONTINUED

Assets under construction

At 31 March 2018, two investment properties were under construction, with a total cost of £94,000. At 31 March 2017 no investment properties were under construction.

The Company does not own any investment properties.

14. Investment in subsidiaries

	Country of incorporation	Class of shares held	Ownership at 31 March 2018	Ownership at 31 March 2017
The Falkland Islands Company Limited [(1)]	UK	Ordinary shares of £1	100%	100%
		Preference shares of £10	100%	100%
The Falkland Islands Trading Company Limited [(1)]	UK	Ordinary shares of £1	100%	100%
Falkland Islands Shipping Limited [(2) (6)]	Falkland Islands	Ordinary shares of £1	100%	100%
Erebus Limited [(2) (6) (7)]	Falkland Islands	Ordinary shares of £1	100%	100%
		Preference shares of £1	100%	100%
South Atlantic Support Services Limited [(3) (6)]	Falkland Islands	Ordinary shares of £1	100%	100%
Paget Limited [(4) (6) (7)]	Falkland Islands	Ordinary shares of £1	100%	100%
The Portsmouth Harbour Ferry Company Limited [(4)]	UK	Ordinary shares of £1	100%	100%
Portsea Harbour Company Limited [(4) (6)]	UK	Ordinary shares of £1	100%	100%
Clarence Marine Engineering Limited [(4) (6)]	UK	Ordinary shares of £1	100%	100%
Gosport Ferry Limited [(4) (6)]	UK	Ordinary shares of £1	100%	100%
Momart International Limited [(5)]	UK	Ordinary shares of £1	100%	100%
Momart Limited [(5) (6)]	UK	Ordinary shares of £1	100%	100%
Dadart Limited [(5) (6) (7)]	UK	Ordinary shares of £1	100%	100%

(1) The registered office for these companies is Kenburgh Court, 133-137 South Street, Bishop's Stortford, Hertfordshire CM23 3HX.
(2) The registered office for these companies is 5 Crozier Place, Stanley, Falkland Islands FIQQ 1ZZ.
(3) South Atlantic Support Services Limited's registered office is 56 John Street, Stanley, Falkland Islands FIQQ 1ZZ
(4) The registered office for these companies is South Street, Gosport, Hampshire, PO12 1EP.
(5) The registered office for these companies is Exchange Tower, 6th Floor, 2 Harbour Exchange Square, London E14 9GE.
(6) These investments are not held by the Company but are indirect investments held through a subsidiary of the Company.
(7) These investments have all been dormant for the current and prior year.

	Company	
	2018 £'000	2017 £'000
At 1 April 2017	**27,629**	28,164
Impairment of subsidiaries	**-**	(511)
Share based payments charge / (credit) capitalised into subsidiaries	**1**	(24)
At 31 March 2018	**27,630**	**27,629**

The Company's investment in Momart was impaired by £511,000 in the year to 31 March 2017, due to lower future expected levels of profitability.

15. Investment in Joint Venture

The Group has one joint venture (South Atlantic Construction Company Limited, "SAtCO"), which was set up in June 2012, with Trant Construction to bid for the larger infrastructure contracts which were expected to be generated by oil activity. Both Trant Construction and the Falkland Islands Company contributed £50,000 of ordinary share capital. SAtCO is registered and operates in the Falkland Islands. The net assets of SAtCO are shown below:

Joint Venture's balance sheet

	2018 £'000	2017 £'000
Current assets	**522**	744
Liabilities due in less than one year	**(4)**	(262)
Net assets of SAtCO	**518**	482
Group share of net assets	**259**	**241**

Joint Venture's results

	2018 £'000	2017 £'000
Revenue	**49**	64
Cost of sales		-
Administrative expenses	**(4)**	(4)
Operating profit for the year	**45**	60
Impairment reversal	**-**	206
Profit before taxation	**45**	266
Taxation	**(9)**	(56)
Joint Venture retained profit for the year	**36**	210
Group share of retained profit for the year	**18**	**105**

There were no recognised gains or losses, other than the profits disclosed above for the year ended 31 March 2018 (2017: none). There was no depreciation charged in the years ended 31 March 2018 or 2017.
The current assets balances above include £71,000 of cash (2017: £103,000) and £449,000 (2017: £641,000) of loans due from SAtCO's parent companies. The liabilities due in less than one year are all trade payables and corporation tax payable.

SAtCO had no contingent liabilities or capital commitments as at 31 March 2018 or 31 March 2017 and the Group had no contingent liabilities or commitments in respect of its joint venture at 31 March 2018 or 31 March 2017.

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16. Finance leases receivable

Finance lease receivables relate to finance leases on the sale of vehicles and customer goods in the Falkland Islands. No contingent rents have been recognised as income in the period. No residual values accrue to the benefit of the lessor.

	Group	
	2018 £'000	2017 £'000
Non-Current : Finance Lease debtors due after more than one year	**611**	763
Current : Finance lease debtors due within one year	**823**	799
Total Finance Lease debtors	**1,434**	**1,562**

The difference between the gross investment in the hire purchase leases and the present value of future lease payments due represents unearned finance income £237,000 (2017: £314,000).

The cost of assets acquired for the purpose of renting out under hire purchase agreements by the Group during the year amounted to £993,000 (2017: £962,000).

The aggregate rentals receivable during the year in respect of hire purchase agreements were £1,334,000 (2017: £1,167,000).

	Group	
	2018 £'000	2017 £'000
Gross investment in hire purchase leases	**1,671**	1,876
Present value of future lease payments due:		
Within one year	**823**	799
Within two to five years	**611**	763
Total present value of future lease payments	**1,434**	**1,562**

17. Deferred tax assets and liabilities

Recognised deferred tax assets and (liabilities)

	Group	
	2018 £'000	2017 £'000
Property, plant & equipment	**(2,133)**	(2,032)
Intangible assets	**(346)**	(346)
Inventories	**9**	9
Other financial liabilities	**35**	32
Share-based payments	**27**	26
Tax losses	**85**	120
Total net deferred tax liabilities	**(2,323)**	(2,191)
Deferred tax asset arising on the defined benefit pension liabilities	**738**	776
Net tax liabilities	**(1,585)**	**(1,415)**

The deferred tax asset on the defined benefit pension scheme (see note 23) arises under the Falkland Islands tax regime and has been presented on the face of the consolidated balance sheet as a non-current asset as it is expected to be realised over a relatively long period of time. All other deferred tax assets are shown net against the non-current deferred tax liability shown in the balance sheet.

	Company	
	2018 £'000	2017 £'000
Other temporary differences	16	17
Net tax asset	**16**	**17**

Movement in deferred tax assets / (liabilities) in the year:

	Group			
	1 April 2017 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2018 £'000
Property, plant & equipment	(2,032)	(101)	-	(2,133)
Intangible assets	(346)	-	-	(346)
Inventories	9	-	-	9
Other financial liabilities	32	3	-	35
Share-based payments	26	1	-	27
Tax losses	120	(35)	-	85
Pension	776	(8)	(30)	738
Deferred tax movements	**(1,415)**	**(140)**	**(30)**	**(1,585)**

Unrecognised deferred tax assets

Deferred tax assets of £113,000 (2017: £113,000) in respect of capital losses have not been recognised as it is not considered probable that there will be suitable chargeable gains in the foreseeable future from which the underlying capital losses will reverse.

Movement in deferred tax asset in the year:

	Company			
	1 April 2017 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2018 £'000
Other temporary difference	17	(1)	-	16
Deferred tax asset movements	**17**	**(1)**	**-**	**16**

Notes to the Financial Statements

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17. Deferred tax assets and liabilities CONTINUED

Movement in deferred tax assets / (liabilities) in the prior year:

	Group			
	1 April 2016 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2017 £'000
Property, plant & equipment	(1,865)	(167)	-	(2,032)
Intangible assets	(391)	45	-	(346)
Inventories	28	(19)	-	9
Other financial liabilities	39	(7)	-	32
Share-based payments	-	26	-	26
Tax losses	120	-		120
Pension	687	(6)	95	776
Deferred tax movements	**(1,382)**	**(128)**	**95**	**(1,415)**

Movement in deferred tax asset in the prior year:

	Company			
	1 April 2016 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2017 £'000
Other temporary difference	9	8	-	17
Deferred tax asset movements	**9**	**8**	**-**	**17**

18. Inventories

	Group	
	2018 £'000	2017 £'000
Work in progress	**729**	1,295
Goods in transit	**865**	764
Goods for resale	**3,006**	3,297
Total Inventories	**4,600**	**5,356**

Goods in transit are retail goods in transit to the Falkland Islands.

The Company has no inventories.

19. Trade and other receivables

	Company	
	2018 £'000	2017 £'000
Non-Current		
Amount owed by subsidiary undertakings	**6,987**	6,965

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Current				
Trade and other receivables	**6,134**	5,507	**-**	-
Prepayments and accrued income	**1,297**	1,991	**12**	12
Total trade and other receivables	**7,431**	**7,498**	**12**	**12**

20. Cash and cash equivalents

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Cash and other cash equivalents in the balance sheet	**17,018**	15,079	**12,606**	8,780

21. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings owed by the Group, which are stated at amortised cost. For more information regarding the maturity of the interest-bearing loans and lease liabilities and about the Group and Company's exposure to interest rate and foreign currency risk, see note 26.

	Group	
	2018 £'000	2017 £'000
Non-current liabilities		
Secured bank loans	**2,807**	3,321
Lease liabilities	**4,828**	4,903
Total non-current interest bearing loans and lease liabilities	**7,635**	**8,224**
Current liabilities		
Secured bank loans	**522**	507
Lease liabilities	**109**	108
Total current interest bearing loans and lease liabilities	**631**	**615**
Total liabilities		
Secured bank loans	**3,329**	3,828
Lease liabilities	***4,937**	*5,011
Total interest bearing loans and lease liabilities	**8,266**	**8,839**

Notes to the Financial Statements

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21. Interest-bearing loans and borrowings CONTINUED

Lease liabilities

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
Less than one year	**340**	341	**231**	233	**109**	108
Between one and two years	**309**	332	**226**	229	**83**	103
Between two and five years	**834**	853	**663**	670	**171**	183
More than five years	**9,944**	10,205	**5,370**	5,588	**4,574**	4,617
Total	**11,427**	**11,731**	**6,490**	**6,720**	**4,937**	**5,011**

Net cash

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Cash balances (see note 20)	**17,018**	15,079	**12,606**	8,780
less: Total interest-bearing loans and borrowings	***(8,266)**	*(8,839)	**-**	-
Net cash	**8,752**	**6,240**	**12,606**	**8,780**

*Included within lease liabilities is £4,764,000 (2017: £4,797,000) in respect of the long term lease liability for the Gosport pontoon, with quarterly payments of £65,000 payable to Gosport Borough Council over the next forty-three years until 2061.

22. Trade and other payables

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Current				
Trade payables	**5,714**	6,861	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**6,150**	2,500
Loan from joint venture	**224**	200	**-**	-
Other creditors, including taxation and social security	**1,304**	1,257	**133**	129
Interest rate swap liability	**20**	71	**20**	71
Accruals and deferred income	**3,433**	3,897	**411**	687
Total trade and other payables	**10,695**	**12,286**	**6,714**	**3,387**

23. Employee benefits: pension plans

The Group operates three defined contribution pension schemes. In addition, it also operates one unfunded defined benefit pension scheme in the Falkland Islands, which has been closed to new members and to future accrual since 1 April 2007. During the year ended 31 March 2018, 15 pensioners (2017: 17) received benefits from this scheme, and there are three deferred members at 31 March 2018 (2017: three). Benefits are payable on retirement at the normal retirement age. The weighted average duration of the expected benefit payments from the Scheme is around 16 years (2017: 16 years).

Defined contribution schemes

The pension cost charge for the year represents contributions payable by the Group to the schemes and amounted to £295,000 (2017: £298,000). The Group anticipates paying contributions amounting to £319,000 during the year ending 31 March 2019. There were outstanding contributions of £21,000 (2017: £23,000) due to pension schemes at 31 March 2018.

Defined benefit pension schemes

A summary of the fair value of the net pension scheme deficit is set out below:

	Group	
	2018 £'000	2017 £'000
Pension scheme deficit:		
The Falkland Islands Company Limited Scheme	**(2,839)**	(2,985)
Deferred tax asset	**738**	776
Net pension scheme deficit	**(2,101)**	**(2,209)**

The Falkland Islands Company Limited Scheme

The Falkland Islands Company Limited operates a defined benefit pension scheme for certain former employees. This scheme was closed to new members in 1988 and to further accrual on 31 March 2007. The scheme has no assets and payments to pensioners are made out of operating cash flows. The expected contributions for the year ended 31 March 2019 are £102,000. Actuarial reports for IAS 19 purposes as at 31 March 2018, 2017, 2016, 2015, and 2014 were prepared by a qualified independent actuary, Lane Clark and Peacock LLP. The major assumptions used in the valuation were:

	2018	2017
Rate of increase in pensions in payment and deferred pensions	**2.5%**	2.5%
Discount rate applied to scheme liabilities	**2.6%**	2.5%
Inflation assumption	**3.0%**	3.0%
Average longevity at age 65 for male current and deferred pensioners (years) at accounting date	**22.3**	22.5
Average longevity at age 65 for male current and deferred pensioners (years) 20 years after accounting date	**24.1**	24.7

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The estimated liabilities of the scheme decreased from £3.0 million at 31 March 2017 to £2.8 million at 31 March 2018 due principally to the use of higher discount rates to discount future liabilities.

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23. Employee benefits: pension plans CONTINUED

Sensitivity Analysis

The calculation of the defined benefit liability is sensitive to the assumptions set out above. The following table summarises how the impact of the defined benefit liability at 31 March 2018 would have increased / (decreased) as a result of a change in the respective assumptions by 0.1%.

	Effect on obligation	
	2018 £'000	2017 £'000
Discount rate +/- 0.1%	**44**	49
Inflation assumption +/- 0.1%	**(16)**	(19)
Life expectancy +/- one year	**(129)**	(136)

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assume no other changes in market conditions at the accounting date.

Scheme liabilities

The present values of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at				
	2014 £'000	2015 £'000	2016 £'000	2017 £'000	**2018 £'000**
Present value of scheme liabilities	(2,480)	(2,884)	(2,644)	(2,985)	**(2,839)**
Related deferred tax assets	645	750	687	776	**738**
Net pension liability	**(1,835)**	**(2,134)**	**(1,957)**	**(2,209)**	**(2,101)**

Movement in deficit during the year:

	2018 £'000	2017 £'000
Deficit in scheme at beginning of the year	(2,985)	(2,644)
Pensions paid	102	113
Other finance cost	(73)	(88)
Re-measurement of the defined benefit pension liability	117	(366)
Deficit in scheme at the end of the year	**(2,839)**	**(2,985)**

Analysis of amounts included in other finance costs:

	2018 £'000	2017 £'000
Interest on pension scheme liabilities	**73**	**88**

Analysis of amounts recognised in statement of comprehensive income:

	2018 £'000	2017 £'000
Experience gains arising on scheme liabilities	**3**	59
Changes in assumptions underlying the present value of scheme liabilities	**114**	(425)
Re-measurement of the defined benefit pension liability	**117**	**(366)**

History of experience gains and losses:

	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000
Experience gains arising on scheme liabilities:					
Amount (£'000)	20	76	26	59	**3**
Percentage of year end present value of scheme liabilities	(0.8%)	(2.6%)	(1.0%)	(2.0%)	**(0.1%)**
Total amount recognised in statement of comprehensive income:					
Gain / (loss) (£'000)	135	(412)	215	(366)	**117**
Percentage of year end present value of scheme liabilities	(5.4%)	14.3%	(8.1%)	12.3%	**(4.1%)**
Payment to pensioners (£'000)	122	115	115	113	**102**

24. Employee benefits: share based payments

The total number of options outstanding at 31 March 2018 is 370,920 including (i) 29,741 nil cost options (2017: 33,911), (ii) 104,689 options (2017: nil) granted under the Long Term Incentive Plan and (iii) 236,490 (2017: 276,061) Share options granted with an exercise price equal to the market price on the date of grant, which included the following:

(i) Nil cost options granted to the Chief Executive:

Date of Issue	Number	Exercise Price pence	Share price at grant date pence	Fair value per share pence	Total fair value £	Earliest Exercise Date	Latest Exercise Date
10 Jun 15	7,547	-	265.0	265.0	20,000	10 Jun 18	10 Jun 19
17 Jun 16	6,272	-	186.0	186.0	11,666	17 Jun 18	17 Jun 20
17 Jun 16	6,273	-	186.0	186.0	11,668	17 Jun 19	17 Jun 20
16 Jun 17	3,216	-	285.0	279.5	8,989	16 Jun 18	16 Jun 21
16 Jun 17	3,216	-	285.0	274.0	8,812	16 Jun 19	16 Jun 21
16 Jun 17	3,217	-	285.0	268.5	8,638	16 Jun 20	16 Jun 21
Total	**29,741**	**-**			**69,773**		

Notes to the Financial Statements

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24. Employee benefits: share based payments CONTINUED

Reconciliation of nil cost options:

	Number of options 2018	Number of options 2017
Outstanding at the beginning of the year	33,911	22,642
Options exercised during the year	(13,819)	(7,548)
Options granted during the year	9,649	18,817
Outstanding at the year end	**29,741**	**33,911**
Vested options exercisable at the year end	-	-
Weighted average life of outstanding options (years)	2.7	3.8

(ii) Long term Incentive Plan grants at an exercise price of ten pence to local directors and executives:

104,689 Long term Incentive Plan grants were issued on 18 March 2018 at an exercise price of ten pence to local directors and executives, and expire in four years on 19 March 2023. There are various performance conditions attached to these grants. None of these grants are exercisable at 31 March 2018.

(iii) Share options with an exercise price equal to the market price on the date of grant

Date of Issue	Number	Exercise Price pence	Share price at grant date pence	Fair value per share pence	Total fair value £	Earliest Exercise Date	Latest Exercise Date
3 Apr 08	3,517	365.0	375.0	131.0	4,607	3 Apr 11	2 Apr 18
8 Apr 09	51,719	207.5	207.5	56.0	28,963	8 Apr 12	7 Apr 19
15 Jul 09	44,550	290.0	290.0	72.0	32,076	15 Jul 12	14 Jul 19
9 Dec 09	12,000	390.0	397.5	145.0	17,400	9 Dec 12	8 Dec 19
21 Dec 10	8,532	342.5	337.5	124.0	10,580	21 Dec 13	20 Dec 20
16 Dec 11	98,018	267.5	261.5	68.0	66,652	16 Dec 14	15 Dec 21
03 Sep 14	13,154	353.5	353.5	100.0	13,154	03 Sep 17	02 Sep 24
19 Jan 15	5,000	272.5	272.5	63.0	3,150	19 Jan 18	18 Jan 25
Total	**236,490**				**176,582**		

The range of exercise prices of outstanding options at 31 March 2018 is from £2.075 (2017: £2.075) to £3.90 (2017: £3.90).

Reconciliation of options with an exercise price equal to the market price on the date of grant, including the number and weighted average exercise price:

	Weighted average exercise price (£) 2018	Number of options 2018	Weighted average exercise price (£) 2017	Number of options 2017
Outstanding at the beginning of the year	**2.82**	**276,061**	3.10	500,615
Options exercised during the year	**-**	**-**	2.75	(24,761)
Forfeited during the year	**3.28**	**(35,017)**	3.20	(90,677)
Lapsed during the year	**3.28**	**(4,554)**	3.83	(109,116)
Outstanding at the year end	**2.74**	**236,490**	**2.82**	**276,061**
Vested options exercisable at the year end	**2.74**	**236,490**	2.78	257,907
Weighted average life of outstanding options (years)	**2.7**		3.3	

The fair values of the options are estimated at the date of grant using appropriate option pricing models and are charged to the profit and loss account over the expected life of the options. All options, other than certain nil cost options granted to the Chief Executive, are granted with the condition that the employee remains in employment for three years. Certain option grants also have conditions attached in that increases in earnings per share on underlying profits over the vesting period must exceed the UK Retail price index increase, and the 44,550 options granted to the Chief Executive in July 2009 had a condition that the Group's total shareholder return increase exceeded that of the FTSE AIM All-Share Index over the three year period.

All share options are equity settled. Share options issued without share price conditions attached have been valued using the Black-Scholes model. Share price options issued with share price conditions attached have been valued using a Monte Carlo simulation model making explicit allowance for share price targets. During the year ending 31 March 2018, 13,819 nil cost options were exercised over ordinary shares (2017: 32,309, including 7,548 nil cost options).

	2018 £'000	2017 £'000
Total share based payment expense recognised in the year	**37**	**15**

25. Capital and reserves

Share capital	Ordinary Shares	
	2018	2017
In issue at the start of the year	**12,434,418**	12,431,623
Share capital issued during the year	**-**	2,795
In issue at the end of the year	**12,434,418**	**12,434,418**

	2018	2017
Allotted, called up and fully paid Ordinary shares of 10p each	**1,243**	**1,243**

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25. Capital and reserves CONTINUED

By special resolution at an Annual General Meeting on 9 September 2010 the Company adopted new articles of association principally to take account of the various changes in company law brought in by the Companies Act 2006. As a consequence the Company no longer has an authorised share capital. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.
On 31 March 2000, an Employee Share Ownership Plan was established. At 31 March 2018 the plan held 16,692 (2017: 24,016) ordinary shares at a cost of £32,773 (2017: £47,152). The market value of the shares at 31 March 2018 was £50,911 (2017: £72,648). Shares held in the ESOP are entitled to receive a nominal 0.01p per share in each dividend payment.

For more information on share options please see note 24.

The other reserves in the Group comprise largely of merger relief arising in connection with the acquisition of Momart International Limited. These have been offset by a recognised impairment of Momart in the year ended 31 March 2009.

Dividends

The following dividends were recognised in the period:

	2018	2017
2017 Final: 4.0 pence (2017: nil) per qualifying ordinary share	**497**	-
2018 Interim: 1.5 pence (2017: nil) per qualifying ordinary share	**186**	-
Total dividends recognised in the period	**683**	**-**

At the balance sheet date a final dividend of 3.0 pence per qualifying ordinary share was proposed by the Directors, making a final dividend payable of £373,000 (2017: £497,000). This final 3.0 pence dividend (2017: 4.0 pence) together with the 1.5 pence interim dividend paid in the year (2017: £nil) brings the total dividend to 4.5 pence for the year ended 31 March 2018 (2017: 4.0 pence).

The 2018 final dividend of 3.0 pence has not been provided for in these financial statements.

26. Financial instruments

(i) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

The fair value of interest-bearing borrowings, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

IAS 39 categories and fair values

The fair values of financial assets and financial liabilities are not materially different to the carrying values shown in the consolidated balance sheet and Company balance sheet.

The following table shows the carrying value, which is equal to fair value for each category of financial instrument:

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Cash and cash equivalents	**17,018**	15,079	**12,606**	8,780
Hire purchase debtors	**1,434**	1,562	**-**	-
Trade and other receivables	**6,134**	5,507	**-**	-
Total assets exposed to credit risk	**24,586**	**22,148**	**12,606**	**8,780**
Interest rate swap liability	**(20)**	(71)	**(20)**	(71)
Other Financial liabilities at amortised cost	**(10,675)**	(12,215)	**(6,694)**	(3,316)
Total trade and other payables	**(10,695)**	(12,286)	**(6,714)**	(3,387)
Interest-bearing borrowings at amortised cost	**(8,266)**	(8,839)	**-**	-

The interest rate swap has been valued using a level 2 methodology. All other financial instruments are based on level 3 methodology.

(ii) Credit Risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Group

The Group's credit risk is primarily attributable to its trade receivables. The maximum credit exposure of the Group comprises the amounts presented in the balance sheet, which are stated net of provisions for doubtful debt. A provision is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of future cash flows. Management has credit policies in place to manage risk on an on-going basis. These include the use of customer specific credit limits.

Company

The majority of the Company's receivables are with subsidiaries. The Company does not consider these counter-parties to be a significant credit risk.

Exposure to credit risk

The carrying amount of financial assets, other than available for sale financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £24,586,000 (2017: £22,148,000) being the total trade receivables, hire purchase debtors and cash and cash equivalents in the balance sheet. The credit risk on cash balances and the interest rate swap is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Notes to the Financial Statements
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26. Financial instruments CONTINUED

The maximum exposure to credit risk for trade receivables at the balance sheet date by geographic region was:

Group	**2018 £'000**	2017 £'000
Falkland Islands	**932**	1,853
Europe	**723**	887
North America	**730**	467
United Kingdom	**3,280**	1,942
Other	**469**	358
Total trade receivables	**6,134**	**5,507**

The Company has no trade debtors.

Credit quality of financial assets and impairment losses

Group	Gross 2018 £'000	Impairment 2018 £'000	Net 2018 £'000	Gross 2017 £'000	Impairment 2017 £'000	Net 2017 £'000
Not past due	**4,252**	**-**	**4,252**	3,765	-	3,765
Past due 0-30 days	**1,420**	**(22)**	**1,398**	942	-	942
Past due 31-120 days	**483**	**(53)**	**430**	212	(28)	184
More than 120 days	**202**	**(148)**	**54**	790	(174)	616
	6,357	**(223)**	**6,134**	**5,709**	**(202)**	**5,507**

The movement in the allowances for impairment in respect of trade receivables during the year was:

Group	**2018 £'000**	2017 £'000
Balance at 1 April 2017	**202**	209
Impairment loss recognised	**215**	44
Impairment loss reversed	**(67)**	-
Cash received	**-**	(4)
Utilisation of provision (debts written off)	**(65)**	(47)
Balance at 31 March 2018	**285**	202
Provided against hire purchase debtors	**62**	-
Provided against trade and other receivables	**223**	202
Balance at 31 March 2018	**285**	202

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible: at that point the amounts considered irrecoverable are written off against the trade receivables directly. No further analysis has been provided for cash and cash equivalents, trade receivables from Group companies, other receivables and other financial assets, as there is limited exposure to credit risk and no provisions for impairment have been recognised.

(iii) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.
At the beginning of the period the Group had outstanding bank loans of £3.8 million. All payments due during the year with respect to these agreements were met as they fell due.

The Company had no bank loans at the start or end of the year.

The Group manages its cash balances centrally at head office and prepares rolling cash flow forecasts to ensure funds are available to meet its secured and unsecured commitments as and when they fall due.

Liquidity risk – Group

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effects of netting agreements:

2018		**Contractual cash flows**				
	Carrying amount £'000	Total £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Secured bank loans	3,329	3,694	608	595	1,346	1,145
Finance leases	4,937	11,427	340	309	834	9,944
Trade payables	5,714	5,714	5,714	-	-	-
Interest rate swap liability	20	42	19	16	7	-
Other creditors, including taxation	1,304	1,304	1,304	-	-	-
Accruals and deferred income	3,433	3,433	3,433	-	-	-
Total Non-derivative financial liabilities	**18,737**	**25,614**	**11,418**	**920**	**2,187**	**11,089**

2017		**Contractual cash flows**				
	Carrying amount £'000	Total £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Secured bank loans	3,828	4,304	608	608	1,505	1,583
Finance leases	5,011	11,731	341	332	853	10,205
Trade payables	6,861	6,861	6,861	-	-	-
Interest rate swap liability	71	103	37	31	35	-
Other creditors, including taxation	1,257	1,257	1,257	-	-	-
Accruals and deferred income	3,897	3,897	3,897	-	-	-
Total Non-derivative financial liabilities	**20,925**	**28,153**	**13,001**	**971**	**2,393**	**11,788**

The contractual cash flows for finance leases in the years ended 31 March 2018 and 31 March 2017 are significantly higher than the liability at the year end, as the finance lease for the Gosport pontoon with Gosport Borough Council is a 50 year finance lease with quarterly payments of £65,000 until 2061.

Notes to the Financial Statements

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26. Financial instruments CONTINUED

Liquidity risk – Company

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effects of netting agreements:

2018		Contractual cash flows				
	Carrying amount £'000	Total £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Interest rate swap liability	20	42	19	16	7	-
Other creditors, including taxation	133	133	133	-	-	-
Accruals and deferred income	411	411	411	-	-	-
Total Non-derivative financial liabilities	**564**	**586**	**563**	**16**	**7**	**-**

2017		Contractual cash flows				
	Carrying amount £'000	Total £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Interest rate swap liability	71	103	37	31	35	-
Other creditors, including taxation	129	129	129	-	-	-
Accruals and deferred income	687	687	687	-	-	-
Total Non-derivative financial liabilities	**887**	**919**	**853**	**31**	**35**	**-**

(iv) Market Risk - Group

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Market risk – Foreign currency risk

The Group has exposure to foreign currency risk arising from trade and other payables which are denominated in foreign currencies. The Group is not, however, exposed to any significant transactional foreign currency risk. The Group's exposure to foreign currency risk is as follows and is based on carrying amounts for monetary financial instruments.

2018	EUR £'000	USD £'000	Other £'000	Total Balance sheet exposure £'000	GBP £'000	Total £'000
Cash and cash equivalents	207	205	26	438	16,580	17,018
Trade payables and other payables	(286)	(163)	(92)	(541)	(10,154)	(10,695)
Balance sheet exposure	**(79)**	**42**	**(66)**	**(103)**	**6,426**	**6,323**

2017	EUR £'000	USD £'000	Other £'000	Total Balance sheet exposure £'000	GBP £'000	Total £'000
Cash and cash equivalents	264	163	25	452	14,627	15,079
Trade payables and other payables	(472)	(128)	(190)	(790)	(11,496)	(12,286)
Balance sheet exposure	**(208)**	**35**	**(165)**	**(338)**	**3,131**	**2,793**

The Company has no exposure to foreign currency risk.

Sensitivity analysis

Group

A 10% weakening of the following currencies against pound sterling at 31 March would have increased / (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates remain constant and is performed on the same basis for year ended 31 March 2017.

	Equity		Profit or Loss	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
EUR	**8**	21	**8**	21
USD	**(4)**	(4)	**(4)**	(4)

A 10% strengthening of the above currencies against pound sterling at 31 March would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – interest rate risk

At the balance sheet date the interest rate profile for the Group's interest-bearing financial instruments was:

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Fixed rate financial instruments				
Finance lease receivable	**1,434**	1,562	**-**	-
Bank loans	**(883)**	(969)	**-**	-
Lease liabilities	**(4,937)**	(5,011)	**-**	-
	(4,386)	**(4,418)**	**-**	-
Variable rate financial instruments				
Effect of Interest rate swap liability	**(20)**	(71)	**(20)**	(71)
Bank loans	**(2,446)**	(2,859)	**-**	-
	(2,466)	**(2,930)**	**(20)**	**(71)**

Notes to the Financial Statements

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26. Financial instruments CONTINUED

At 31 March 2018, the group had four bank loans:

(i) £0.3 million (2017: £0.4 million) repayable over five years, secured against two vessels in Portsmouth. Interest is payable on this loan at 2.8% over the Bank of England base rate;
(ii) £1.7 million (2017: £2.0 million) repayable over ten years, secured against the newest vessel in Portsmouth, with interest charged at 2.6% above the bank of England base rate; and
(iii) £0.4 million (2017: £0.4 million) repayable over ten years, secured against freehold property held in Gosport, with interest charged at 1.75% above the Bank of England base rate.
(iv) £0.9 million (2017: £1.0 million) drawn down by Momart Limited to fund the new storage facilities, interest has been fixed on this loan at 2.73% for the full ten years.

The interest payable on the first three loans noted above has been hedged by one interest swap, taken out in October 2015 with an initial notional value of £3.6 million, with interest payable at the difference between 1.325% and the Bank of England Base rate. This interest rate swap notional value decreases at £36,250 per month over five years until September 2020 when it will expire. The notional value of the swap at 31 March 2018 is £2,573,750 (2017: £3,008,750).The Swap effectively fixes the blended average interest rates on the Group's bank borrowings at 3.6% (2017: 3.6%) per annum.

Sensitivity analysis

An increase of 100 basis points in interest rates at the balance sheet date would have increased / (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and has been applied to risk exposures existing at that date.
This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates and financial instruments at fair value through profit or loss or available-for-sale with fixed interest rates. The analysis is performed on the same basis for 31 March 2017.

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Equity				
Interest rate swap liability	**26**	30	**26**	30
Variable rate financial liabilities	**(24)**	(28)	**-**	-
Profit or Loss				
Interest rate swap liability	**26**	30	**26**	30
Variable rate financial liabilities	**(24)**	(28)	**-**	-

Market risk – equity price risk

(v) Capital Management

The Group's objectives when managing capital, which comprises equity and reserves at 31 March 2018 of £41,733,000 (2017: £39,745,000) are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to our other stakeholders.

27. Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	2018 £'000	2017 £'000
Less than one year	**1,080**	1,036
Between one and five years	**3,895**	3,861
More than five years	**7,524**	8,311
	12,499	**13,208**

The Group leases three office premises and a number of storage warehouses under operating leases. Office leases typically run for a period of 3-10 years, with an option to renew the lease after that date. Warehouse leases typically run for a period of 25 years, with an option to renew the lease after that date.

During the year £1,153,000 was recognised as an expense in the income statement of operating leases (2017: £1,050,000).

The Company had no operating lease commitments.

28. Capital commitments

At 31 March 2018, the group had entered into contractual commitments of £153,000 for a truck at Momart. At 31 March 2017, the group had had no outstanding contractual commitments for capital expenditure.

29. Related parties

The Group has a related party relationship with its subsidiaries (see note 14) and with its directors and executive officers. Directors of the Company and their immediate relatives controlled 29.86% (2017: 25.73%) of the voting shares of the Company at 31 March 2018.

The compensation of key management personnel (including Directors) is as follows:

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Key management emoluments including social security costs	**1,473**	1,147	**430**	370
Company contributions to defined contribution pension plans	**68**	76	**-**	-
Share-related awards	**36**	34	**34**	34
Total key management personnel compensation	**1,577**	**1,257**	**464**	**404**

During the year ended 31 March 2017, the Group's joint venture, SAtCO, made a loan of £200,000 to each of its parent companies. This loan was increased to £224,371 owed by each of its parent companies in June 2017, and is still outstanding at 31 March 2018.

All staff involved in construction activities were contracted directly from parent companies FIC and Trant Construction and at 31 March 2018 and 2017 SAtCO had no permanent employees.

Notes to the Financial Statements
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30. Accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements as to asset and liability carrying values which are not readily apparent from other sources. Actual results may vary from these estimates, and are taken into account in periodic reviews of the application of such estimates and assumptions.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In the year ended 31 March 2018, revisions have been made to our stock policy, after a system improvement which allowed a more thorough review of the aging of stock. These revisions have not been applied retrospectively.

Actuarial assumptions have been used to value the defined benefit pension liability (see note 23). Management have selected these assumptions from a range of possible options following consultations with independent actuarial advisors.

Impairment tests have been undertaken with respect to intangible assets (see note 11 for further details) using commercial judgement and a number of assumptions and estimates have been made to support their carrying amounts. In determining the fair value of intangible assets recognised on the acquisition of Momart International Limited management acted after consultation with independent intangible asset valuation advisors.

Directors and Corporate Information

Directors
John Foster, Chief Executive
Robin Williams, Non-executive Chairman
Jeremy Brade, Non-executive Director
Rob Johnston, Non-executive Director

Company Secretary
Carol Bishop

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