12 November 2019

FIH group plc

("FIH" or the "Group")

Results for the six months ended 30 September 2019

FIH, the AIM quoted group that owns essential services businesses in the UK and Falkland Islands, is pleased to announce its unaudited results for the six months ended 30 September 2019 ("the period"). Comparisons shown below are for the same period in 2018 unless otherwise stated.

Group Financial Highlights – *Resilient performance despite market pressures*

- Group revenue at £19.4 million (2018: £19.6 million)
- Profit before tax at £1.25 million (2018: £1.35 million)
- Diluted earnings per share: 7.6p (2018: 8.3p)
- Bank borrowings at 30 September 2019: £16.4 million (31 March 2019: £12.8 million)
- Cash balances at 30 September 2019: £9.6 million (31 March 2019: £6.2 million)
- Increased interim dividend of 1.80 pence per share (2018: 1.65 pence per share)

Operating Highlights

Falkland Islands Company ("FIC") – Encouraging and profitable trading led by solid growth across multiple divisions and strong recovery in construction

- Revenue up 13.9% at £9.08 million (2018: £7.97 million) reflecting strong recovery in Falkland Building Services (FBS) (up 82% to £1.54 million)
- Continued growth in Retail sales (up 6% to £4.45 million), Falklands 4x4 (up 6.7% to £1.64 million) and Support Services (up 5.6% to £0.78 million) and positive revenue impact following investment in Property Rental (up 32.3% to £0.3 million)
- Profit before tax increased by 68% to £0.67 million (2018: £0.45 million)
- Significant medium to long-term growth opportunities linked to: land-based tourism, with a regular commercial flight from Brazil due to commence this month; possible oil development, with a decision on Sea Lion development expected from Premier Oil in 2020; and opportunities from Falkland Island Government and Ministry of Defence with emerging plans for local infrastructure investment.

Portsmouth Harbour Ferry Company ("PHFC") – Revenue lower, with passenger volumes impacted by aircraft carrier's summer deployment

- Total PHFC revenue decreased 1.2% to £2.31 million (2018: £2.34 million) reflecting a 3.2% decline in passenger numbers, outweighing the 3.0% annual increase in fares
- Passenger volumes most markedly down while the Navy's new aircraft carrier was away during the summer, but this is expected to return before January 2020 along with HMS Prince of Wales
- 17% increase in Cruising and Other income, to £0.17 million, with successful season of Solent leisure cruises
- Cost controls ensured only marginal decrease in profit before tax, to £0.49 million (2018: £0.51 million)
- Medium and long-term potential for increased ferry passenger volumes linked to mooted redevelopment of Gosport harbour's transport hubs, including possible improved retail, leisure and accommodation amenities.

Momart – Challenging commercial art market dented performance, despite strength in high margin services

- Overall revenue declined by 13.4% to £8.04 million (2018: £9.28 million), impacted by uncertainty amongst high-net-worth individuals and ensuing reduced activity by commercial clients in the face of challenging UK and international art market conditions
- Revenue in art storage rose 3.3% to £1.04 million, with success in securing new private and public sector storage clients, which will continue to benefit in future periods
- Notable exhibition activity included: "Mary Quant" and "Cars" at the V&A; "Anthony Gormley" at the Royal Academy; "Ashruburnipal" at the British Museum; "Olifur Eliasson" at Tate Modern; and "Van Gogh" at Tate Britain.

John Foster, Chief Executive, said:

“It has been a challenging period for several business divisions, and especially at Momart in the art sector, so we are satisfied that the Group has delivered a resilient half year performance overall.

“Supported by strength in the core Falklands business and tight cost control, the Group’s profit before tax was reasonably robust. Meanwhile the Group’s cash position remains strong, and we are pleased to announce an increased interim dividend of 1.80 pence per share.

“With a number of exciting medium to long-term growth opportunities in each of our diverse businesses, the Board looks to the future with confidence.”

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Chairman's Report

I have pleasure in presenting the FIH group's Interim results for the 6 months ended 30 September 2019.

A detailed commentary on the results is provided in the Chief Executive's Review below but I am pleased to report a satisfactory first half performance with pre-tax profits of £1.25 million, £0.1 million below last year, which reflects a slowing economic backdrop and the global uncertainty which has created challenging trading conditions particularly for the Group's fine art handling business, Momart.

Although Group revenues were slightly lower by 0.8% at £19.4 million, Profit Before Tax held up reasonably well at £1.25 million. Momart experienced weaker demand in the commercial art market where activity was dampened by concerns over Brexit and the wider global investment outlook, but this was substantially offset by increased activity in the Falkland Islands Company ("FIC"). Profits at the Group's passenger ferry business in Portsmouth harbour were slightly down on the first half last year. In overall terms, the first half results are considered satisfactory and the Board was particularly pleased to see encouraging growth in the Group's core business in the Falklands.

The Group's cash position remains strong and at 30 September 2019, the Group had cash on hand of £9.6 million, an increase of £3.4 million since 31 March 2019. This increase in cash resources resulted from the refinancing of a £10 million short-term temporary bank facility and its replacement in June 2019 with a £13.9 million long-term mortgage. This £3.9 million increase in cash reserves has been offset by normal seasonal increases in working capital and continued investment in the Group's business in the Falklands.

Diluted earnings per share in the first half were 7.6 pence per share (2018: 8.3 pence), and the Board is pleased to announce the payment of an increased interim dividend of 1.80 pence per share (2018: 1.65 pence), which will be paid on 24 January 2020 to shareholders on the register at the close of business on 13 December 2019. The Group has a Dividend Reinvestment Plan that allows shareholders to reinvest dividends to purchase additional shares in the Group. For shareholders to apply the proceeds of this and future dividends to the plan, application forms must be received by the Group's Registrars by no later than Friday 3 January 2020*.

We look forward to seeing progress from the Group's businesses and we continue to work on ways to maximise shareholder value over the medium term.

Robin Williams

12 November 2019

***** Existing participants in the Plan will automatically have the interim dividend reinvested. Details on the Plan can be obtained from Link Asset Services on 0371 664 0381 or at www.signalshares.com. Calls are charged at the standard geographic rate and will vary by provider. If you are outside the United Kingdom, please call +44 371 664 0381. Calls outside the United Kingdom will be charged at the applicable international rate. The lines are open from 9.00am to 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Chief Executive's Review

Group overview

In the 6 months to 30 September 2019, the Group generated Profit Before Tax of £1.25 million (2018: £1.35 million), £0.1 million lower than the prior year period, with overall revenue 0.8% lower at £19.4 million. The overall result was achieved despite markedly weaker demand in the global market for fine art, which saw reduced activity at Momart. However, this slowdown at Momart was largely offset by a notably stronger trading performance from FIC in the Falklands, which saw improved profitability across the broad spread of its trading activities. At the Group's remaining trading business, Portsmouth Harbour Ferry Company ("PHFC"), a small decline in passenger volumes of 3% led to a similar small drop in the ferry company's profits.

The Group's balance sheet remained strong with £9.6 million of cash on hand at 30 September 2019, up £3.4 million from the £6.2 million at 31 March 2019. In June 2019, the Group increased its liquidity by refinancing short-term debt facilities of £10 million by drawing down a £13.9 million long-term mortgage facility secured on the Group's fine art warehouses at Leyton the freehold of which was acquired in December 2018 at a cost of £19.6 million. At the half year, bank borrowings were £16.4 million compared to £12.8 million at 31 March 2019, of which short-term borrowings due within one year had fallen to £1.1 million from the £10.5 million year-end position. As a result of normal seasonal increases in working capital and capital investment in rental property in the Falklands, the Group's net bank borrowings at 30 September (bank borrowings less cash) were £6.8 million, £0.2 million higher than the position at 31 March 2019.

For the first time, the Group's financial statements are being drawn up under the new international accounting standard (IFRS 16) which requires a company's operating lease liabilities to be shown as liabilities on the balance sheet together with the related assets which correspond to the right to use such assets over the remaining life of the related lease contracts.

Unlike many companies, FIH does not have extensive operating leases within its business units and the net impact on reserves of accounting adjustments required to reflect the new standard amount to less than 0.5% of the Group's net assets.

The effect of this new accounting treatment at 30 September 2019 is to increase lease liabilities by £3.1 million and increase fixed assets by £2.9 million. The excess of liabilities of £0.2 million has been taken to reserves. Of the new lease liabilities recognised under IFRS 16, only £0.1 million is due within one year, with the balance due over a period of up to 42 years. Group revenue and total cash flow are completely unaffected by the change in presentation.

There is also no material impact annual on the Group's profit and loss account.

An analysis by business is shown below:

Revenue

Six months ended 30 September	**2019 £ million**	**2018** £ million	Change %
Falkland Islands Company	**9.08**	7.97	*13.9*
Portsmouth Harbour Ferry	**2.31**	2.34	*-1.2*
Momart	**8.04**	9.28	*-13.4*
Total Revenue	**19.43**	19.59	*-0.8*

Profit Before Tax

Six months ended 30 September	**2019 £ million**	**2018 £ million**	Change %
Falkland Islands Company	**0.70**	0.45	*55.1*
Portsmouth Harbour Ferry	**0.49**	0.51	*-3.0*
Momart	**0.06**	0.39	*-85.8*
Profit Before Tax	**1.25**	1.35	*-7.6*
Diluted Earnings per Share in pence	**7.6p**	8.3p	*-8.4*

With a blended corporation tax rate prudently estimated at 23% the Group's Profit Before Tax of £1.25 million gave Profits After Tax of £0.96 million (2018: £1.04 million) and diluted earnings per share (EPS) marginally lower than last year at 7.6 pence (2018: 8.3 pence).

Maintaining its renewed dividend policy, the Board is pleased to confirm that an interim dividend of 1.80 pence per share will be paid on 24 January 2020 to those shareholders on the register at the close of business on 13 December 2019.

Operating Review

Falkland Islands Company (FIC)

Trading in FIC was encouraging with an overall 13.9% growth in revenue to £9.08 million (2018: £7.97 million) led by the expected strong recovery at Falkland Building Services (FBS) where increased sales of kit homes helped lift revenue by £0.69 million (+82%).Elsewhere there was continued revenue growth in FIC's retail operations (+6.0%) and at Falklands 4x4 (+6.7%) and Support Services (+5.6%). Following further investment to develop FIC sites in central Stanley, income from the expanded portfolio of 58 residential properties increased by 32.3% to £0.3 million. Income from Freight and Port Services experienced a modest fall of £0.05 million as a result of changes to the timing of military supply vessels arriving in Stanley which should correct in future periods.

With encouraging growth across all its major business units FIC's trading profits increased by 62% to £0.67 million in what is traditionally the much quieter austral winter. Increased activity in Retail and at Falklands 4x4 also saw FIC's consumer finance activities deliver a pleasing uplift in income of 20% compared to the prior period.

Reflecting the solid growth across the broad spread of FIC's businesses, Profit Before Tax increased by 60.3% to £0.70 million an increase of £0.26 million compared to the prior period (2018: £0.45 million).

FIC **Six months ended 30 September**	**2019** **£ million**	2018 £ million	Change %
Revenue			
Retail	**4.45**	4.20	*6.0*
FBS (construction)	**1.54**	0.85	*82.0*
Falklands 4x4	**1.64**	1.54	*6.7*
Freight & Port Services	**0.37**	0.42	*-12.2*
Support services	**0.78**	0.73	*5.6*
Property Rental	**0.30**	0.23	*32.3*
Total FIC revenue	**9.08**	7.97	*13.9*
Trading profit	**0.67**	0.41	*62.1*
Consumer Finance income	**0.09**	0.08	*20.5*
Interest income less IFRS 16 finance expense	**-**	0.02	*-87.5*
Pensions charge	**(0.06)**	(0.06)	*0.0*
Profit Before Tax	**0.70**	**0.45**	*55.1*

FIC's H1 trading results do not reflect any income or positive effect from the possible development of oil in the Falklands. Further tenders to construct onshore facilities and provide local services are expected to be issued by the lead operator, Premier Oil, during the second half of the Group's financial year. Premier is then expected to move towards completion of the tendering process and following its securing of any additional finance needed to support the development of its Sea Lion field, a final investment decision by the Board of Premier on whether to proceed with the development of Sea Lion is anticipated during the course of 2020.

Elsewhere the Group is looking forward to the commencement of a second commercial flight to the Falklands from Sao Paulo in Brazil which is due to start on 20 November 2019. This regular mid-week flight from a major international hub airport, once established has the potential to significantly increase land-based tourism to the Falklands and to provide a further major underpinning to the long-term economic prosperity of the Falklands.

Beyond oil and tourism, the Group is well placed to become involved in providing infrastructure investment and ongoing services to support the future investment plans of the Falkland Islands Government and Ministry of Defence.

These are expected to emerge gradually but should provide significant opportunities to local businesses over the medium term.

Portsmouth Harbour Ferry Company

Revenue from core ferry activities were lower by 1.6% in the period at £2.14 million (2018: £2.18 million), as the decline in passenger volumes of 3.2% outweighed the 3.0% annual increase in fares put through in June. The rate of decline varied over the period but increased markedly during weeks when HMS Queen Elizabeth, the navy's new aircraft carrier was away overseas during the summer. With much of the dockyard now geared to supporting the navy's flagship when she out of port there has been a marked reduction in the numbers of servicemen and civilian support staff working (and commuting) to and from the yard and this is a key factor in explaining changes in ferry usage between periods.

At £3.70 for a daily adult return and £16.50 for a booklet of flexible 10 trip tickets, the ferry continues to offer good value for money for those commuters or shoppers seeking to travel across the harbour in a convenient and stress-free manner.

HMS Queen Elizabeth is set to return to Portsmouth before the end of the calendar year when it is expected she will be joined by her sister ship, HMS Prince of Wales and this should help passenger volumes. In the medium term the local council is seeking support from UK central government to help redevelop the bus and taxi transport hub on the Gosport side of the harbour. With new retail and leisure facilities mooted and the possibility of new amenities including a hotel, the redevelopment when it eventually comes should provide a boost to ferry volumes although while the project remains in long term planning little immediate benefit is expected to emerge in the near term.

On a more positive note, a successful summer season of leisure cruises in and around the Solent, saw cruise revenue increase by 17%, which more than offset a decline in advertising income. As a result, cruising and other income increased by 5% to £0.17 million.

Taken together, ferry revenue and cruise and other income amounted to £2.31 million a 1.2% decrease on the prior year (2018: £2.18 million).

With operating costs tightly controlled, some of the revenue declines were absorbed in costs savings. As a result, PHFC's underlying profit before tax saw only a marginal decrease of £0.02 million to £0.49 million (2018: £0.51 million)

PHFC: **Six months ended 30 September**	**2019** **£ million**	**2018** **£ million**	Change %
Revenue			
Ferry fares	**2.14**	2.18	*-1.6*
Cruising and Other income	**0.17**	0.16	*+5.0*
Total Ferry Revenue	**2.31**	**2.34**	*-1.2*
Trading profit	**0.67**	0.66	*0.6*
Bank and hire purchase interest payable	**(0.15)**	(0.15)	*-4.4*
IFRS 16 charges for rental leases	**(0.03)**	-	*100.0*
Profit Before Tax	**0.49**	**0.51**	*-3.0*

Momart

After a very encouraging performance in the year to 31 March 2019, Momart, the Group's art handling and logistics business, faced a challenging period of trading. Despite some good progress in securing new storage clients, overall revenue fell by 13.4% to £8.04 million (2018: £9.28 million) and with substantially fixed operating costs, this decline in revenue fed through to hit profits. As a result, despite strong cost control, operating profits at Momart, in its traditionally quieter first half, dropped £0.14 million to £0.27 million (2018: £0.41 million) and after mortgage interest on the bank loan taken out to finance the purchase of the Leyton warehouse freehold of £0.18 million, profit before tax was reduced to £0.06 million (2018: £0.39 million).

The much tougher trading conditions were however limited to Momart's activities in support of commercial rather than public sector funded art handling operations. From the outset, after a sharp increase in last minute activity prior to the aborted Brexit deadline in March at the end of the last financial year, from April onwards commercial activity in the UK and international art market slowed markedly. Slowing returns from investment in art and general Brexit related and global uncertainty made private collectors more cautious. This nervousness and uncertainty amongst high net worth collectors quickly fed through into reduced activity by commercial galleries and auction houses and throughout the period Momart experienced a sharp fall in activity with its key commercial clients. As a result, Gallery Services revenue fell by 26.5% compared to the prior period, down £1.0 million to £2.7 million (2018: £3.7 million) to a level not seen since 2015.

On a more positive note, activity in Momart's traditionally core activity servicing public institutions and museums revenue held up well and sales of Momart's own high margin services increased whilst lower margin work subcontracted to overseas agents fell back. Hence, despite the overall 6.5% fall in revenue from Museums, (down to £4.3 million from £4.6 million in 2018) with a richer mix of sales, contribution from Momart's museums business moved forward in the period.

Notable museum exhibitions in the period included "Mary Quant" and "Cars" at the V&A, Antony Gormley at the Royal Academy, "Ashruburnipal" at the British Museum, "Olifur Eliasson" at Tate Modern and "Van Gogh" at Tate Britain.

In storage good progress was made despite the loss of recurring storage revenue last year from private clients' uncertainty about Brexit, which lowered the base line of storage income at the start of the period, Momart enjoyed encouraging success in securing new private and public sector storage clients and this in turn helped lift storage income by 3.3% to £1.04 million. Although modest in its initial effect, this success in new client recruitment will feed through into future periods and have a significant cumulative impact.

Momart : **Six months ended 30 September**	**2019** **£ million**	2018 £ million	Change %
Revenue			
Museums and public Exhibitions	**4.30**	4.61	*-6.5*
Commercial Galleries and Auction Houses	**2.70**	3.67	*-26.5*
Art Storage	**1.04**	1.00	*3.3*
Total Revenue	**8.04**	**9.28**	*-13.4*
Trading profit	**0.27**	0.41	*-35.5*
Bank and hire purchase interest payable	**(0.18)**	(0.02)	*982.4*
IFRS 16 charges for rental leases	**(0.03)**	-	*100.0*
Profit Before Tax	**0.06**	0.39	*-85.8*

Looking ahead, with global risk and economic uncertainty still unresolved, some continued softness in the commercial art market is expected. However, with a strengthening base of storage revenue and a large museum order book some 50% ahead of the prior year these positive elements should help underpin more robust trading in the second half.

Balance Sheet and Cash Flow

During the six months to 30 September 2019, with operating profits of £1.7 million and depreciation of £1.0 million, the Group produced EBITDA of £2.7 million (2018: £2.3 million). With increased investment on fixed assets in expanding FIC's property portfolio in the Falklands, total capital expenditure in the period increased to £1.3 million (2018: £1.0 million), £0.3 million above depreciation. After £0.1 million of net receipts from consumer finance debtors in the Falklands, operating cash flow before changes in working capital but after capital expenditure, was £2.8 million (2018: £2.5 million).

In the first 6 months of the new financial year, total inventories increased by £1.0 million to £6.8 million from the 31 March 2019 starting point mainly linked to increased construction work in progress for kit homes. However, debtor collection was strong with receivables being reduced by £2.0 million and with normal reductions in trade creditors of £1.1 million from the position at year end, there was an overall seasonal increase in working capital of £0.4 million in the 6 months to 30 September 2019 (2018: £1.9 million). £0.3 million in corporation tax and £0.4 million in dividends was paid out and after a £3.5 million net drawdown of bank and hire purchase loans, the Group's net cash flow in the 6 months from 31 March 2019 amounted to an inflow of £3.4 million. As a result, closing cash balances increased from £6.2 million to £9.6 million at 30 September 2019.

In addition to the Group's cash balances of £9.6 million, and closing bank borrowings of £16.4 million, at 30 September 2019, the Group also had hire purchase liabilities of £0.2 million (31 March 2019: £0.2 million), long-term finance lease liabilities in respect of the Gosport Pontoon of £4.7 million (31 March 2019: £4.7 million) and for the first time in the Group's balance sheet, following the new presentation mandated by IFRS 16 there is a liability for long-term rental leases of £3.1 million.

Potential Impact of Brexit

In general, the Board believes that the Group is not highly exposed to any potential adverse outcomes arising from Brexit, although the cross-border art handling activities of Momart and the European art market in general would face disruption in the event of a disorderly departure from the EU.

In the Falklands, FIC has almost no direct trading links with the EU. However, the Falklands economy is heavily dependent on income from squid and offshore fisheries, which account for 60% of Falklands GDP and a significant proportion of the Islands' annual squid catch is currently exported to Spain. In the event of increased tariffs and friction at newly erected external borders, some impact on the pattern of Falklands' trade could be expected to arise, although in the longer term, it seems likely that Falklands' exporters would find alternative solutions and / or alternative markets which would minimise any long-term damage to the wider Falklands economy. It should also be noted that the greater part of Falklands' government licence income is linked to the illex squid catch which is sold into markets in the Far East and has no connection to the EU.

PHFC is much more focussed on its local market and has no direct trading links with the European Union. European companies manufacture some ferry components, but spare parts are available in the UK market and little or no impact is anticipated.

As outlined above, Momart has the greatest exposure to a disorderly Brexit. The European art market and national museums benefit greatly from the current frictionless borders, which enable art works for exhibition and sale to move seamlessly across Europe and this in turn depends in particular on the free movement of vehicles through the channel ports. If Brexit is well managed, disruption should be relatively modest but contingency plans using alternative routes onto the continent are being explored, albeit there remains an unavoidable potential impact in the near term if the UK and EU governments do not agree orderly transitional arrangements.

Outlook

After a satisfactory trading in the first half, as highlighted in last year's annual report, the Group is taking further steps to strengthen its operational management teams at both FIC and at Momart. At FIC, prospects for medium term growth are considered to be better than at any time in the company's recent history and we are actively recruiting experienced managers in construction, support services and finance who will be needed to navigate the challenges and make the most of the exceptional opportunities that present themselves. At Momart, further work is being done to strengthen the team and to secure effective succession to the company's team of highly experienced specialists. This activity will underpin the longer-term success of the Group's businesses although in the near term, costs will increase.

At Momart, the weakness in the commercial markets is expected to continue until some of the key uncertainties undermining investor / collector confidence are resolved. However good progress is being made in securing new storage clients and the outlook for Momart's museum business is positive. Once through the choppy waters being experienced in Gallery Services, with continued strength in its core museum business, the leveraged impact on bottom line profits of filling spare storage capacity and further strengthening of the senior team, the medium-term outlook for Momart is considered to be positive.

At PHFC, as ever much depends on the future trends in passenger volumes. In the near term, we can expect to see the normal slower trading in the quieter winter months. The arrival of the second aircraft carrier later this year should help and in the medium term, planning initiatives from the local council to support and increase the use of public transport should also have a positive impact. In the meantime, continuing marketing initiatives using Facebook, and Instagram as well as traditional media will continue to promote special offers and remind passengers of the economic and environmental benefits of using the ferry service.

In the Falklands, the outlook is more encouraging with good prospects for near-term and particularly healthy medium-term growth. As we enter the second half of the financial year housebuilding activity is continuing at record levels and the longer days of the austral summer will see acceleration in housing completions as FIC works through its first batch of 18 houses for the Falkland Islands Government and undertakes further expansion of its own residential portfolio. Retail remains well positioned and with the commencement of the second flight from Brazil later in November 2019 which will bring new supply chain opportunities and increased freight capacity, the retail business will be able to expand its product offering and take advantage of the expected boost to the local economy that increased land-based tourism will bring. With an increase also expected in the number of cruise ship visitors this year, FIC's agency and tourist services should also benefit. The unprecedented capital investment programmes now being planned by the UK Ministry of Defence to renew its facilities and modernise the base at Mount Pleasant, added to the substantial expansion of the Falkland Islands Government's own infrastructure investment programme, which includes plans for a new school, power station and port, will also yield further specific opportunities for FIC's expanding construction arm as well as driving wider economic activity and sustained growth. With these powerful elements supporting general economic growth in the Falklands, further progress by FIC is expected in the second half and the medium-term outlook appears very bright.

Beyond an expansion in tourism and a surge in government infrastructure investment, prospects for the development for oil production in Falklands' waters remain open. Despite global uncertainty and the volatile price of oil, Premier Oil is progressing its plans and the Group looks forward to participating in the tender for onshore facilities in the second half of next year and hearing news of its final investment decision on the development of Sea Lion later in 2020.

However, even if Sea Lion does not progress, the Falklands economy has a bright future and FIC is well placed to take advantages of the historic opportunities in the South Atlantic as they present themselves.

At a Group level in the immediate future, trading challenges at Momart and the planned investment to strengthen the Group's operating management will hold back progress in the second half as will the absence of one-off credits which flattered last year's results. However, a solid trading result for the full year is still anticipated at a level sufficient to support the Board's progressive but balanced policy of dividend growth. In the medium term, we remain confident of a healthy recovery at Momart, solid trading and strong cash flow from PHFC and continuing steady growth at FIC over a sustained period.

The Board looks forward to the future with confidence.

John Foster
Chief Executive
12 November 2019

Condensed Interim Consolidated Income Statement
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2019

Notes		**Unaudited 6 months to 30 September 2019 £'000**	**Unaudited* 6 months to 30 September 2018 £'000**	Audited Year ended 31 March 2019 £'000
2	**Revenue**	**19,430**	19,585	42,528
	Cost of sales	**(11,131)**	(11,210)	(24,777)
	Gross profit	**8,299**	8,375	17,751
	Other administrative expenses	**(6,699)**	(6,889)	(13,546)
	Consumer finance interest income	**94**	78	172
	Administrative expenses	**(6,605)**	(6,811)	(13,374)
	Operating profit	**1,694**	1,564	4,377
	Share of result of joint venture	**-**	-	-
	Profit before finance income and expense	**1,694**	1,564	4,377
	Finance income	**3**	24	36
	Finance expense	**(447)**	(235)	(555)
3	Net financing costs	**(444)**	(211)	(519)
	Profit before tax	**1,250**	1,353	3,858
4	Taxation	**(288)**	(311)	(827)
	Profit attributable to equity holders of the Company	**962**	1,042	3,031
5	**Earnings per share**			
	Basic	**7.7p**	8.4p	24.4p
	Diluted	**7.6p**	8.3p	24.1p

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

*The classification of costs in the six months to 30 September 2018 have been revised to be consistent with the current period, by increasing “Cost of Sales” by £982,000, and decreasing “Other administrative expenses” by £982,000,. There is no impact on the overall reported profit position.

Condensed Consolidated Balance Sheet
AT 30 SEPTEMBER 2019

	Unaudited 30 September 2019 £'000	Unaudited 30 September 2018 £'000	Audited 31 March 2019 £'000
Non-current assets			
Intangible assets	**11,739**	11,799	11,766
Right to use assets	**2,894**	-	-
Property, plant and equipment	**38,439**	18,907	38,664
Investment properties	**5,843**	4,348	5,239
Investment in joint venture	**259**	259	259
Debtors due in more than one year	**88**	-	88
Hire purchase debtors	**600**	468	584
Deferred tax assets	**721**	738	721
Total non-current assets	**60,583**	36,519	57,321
Current assets			
Inventories	**6,787**	5,795	5,756
Trade and other receivables	**5,776**	5,789	7,761
Hire purchase debtors	**553**	719	659
Cash and cash equivalents	**9,561**	15,620	6,184
Total current assets	**22,677**	27,923	20,360
TOTAL ASSETS	**83,260**	64,442	77,681
Current liabilities			
Interest bearing loans and borrowings	**(1,182)**	(644)	(10,645)
Lease liabilities	**(110)**	-	-
Income tax payable	**(422)**	(387)	(399)
Trade and other payables	**(8,610)**	(8,342)	(9,621)
Total current liabilities	**(10,324)**	(9,373)	(20,665)
Non-current liabilities			
Interest bearing loans and liabilities	**(20,106)**	(7,439)	(7,148)
Lease liabilities	**(2,992)**	-	-
Employee benefits	**(2,784)**	(2,847)	(2,772)
Deferred tax liabilities	**(2,529)**	(2,323)	(2,529)
Total non-current liabilities	**(28,411)**	(12,609)	(12,449)
TOTAL LIABILITIES	**(38,735)**	(21,982)	(33,114)
Net assets	**44,525**	42,460	44,567
Capital and reserves			
Equity share capital	**1,250**	1,245	1,250
Share premium account	**17,590**	17,488	17,590
Other reserves	**1,162**	1,162	1,162
Retained earnings	**24,955**	22,577	24,579
Hedging Reserve	**(432)**	(12)	(14)
Total equity	**44,525**	42,460	44,567

Condensed Consolidated Cash Flow Statement
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2019

Notes	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
Profit for the period	**962**	1,042	3,031
Adjusted for (i) Non-cash items:			
Depreciation of rental leases	**159**	-	-
Depreciation and amortisation	**822**	698	1,437
Gain on disposal of fixed assets	**34**	-	20
Equity-settled share-based payment expenses	**49**	38	69
Non-cash items adjustment	**1,064**	736	1,526
(ii) Other items:			
Net finance expense	**444**	211	519
Decrease in hire purchase debtors	**90**	247	191
Income tax expense	**288**	311	827
Other adjustments	**822**	769	1,537
Operating cash flow before changes in working capital	**2,848**	2,547	6,094
Decrease / (increase) in trade and other receivables	**1,985**	1,642	(418)
(Increase) / decrease in trading inventories	**(972)**	(1,181)	(1,128)
Increase in trade and other payables	**(1,429)**	(2,347)	(924)
Changes in working capital and provisions	**(416)**	(1,886)	(2,470)
Cash generated from operations	**2,432**	661	3,624
Cash inflow on option exercises	**-**	43	150
Cash outflow on nil cost option exercise	**(28)**	(29)	(28)
Payments to pensioners	**(48)**	(52)	(103)
Corporation taxes paid	**(265)**	(270)	(560)
Net cash from operating activities	**2,091**	353	3,083
Cash flows from investing activities			
Purchase of property, plant and equipment	**(1,267)**	(1,044)	(22,432)
Bank interest received	**3**	24	36
Net cash flows from investing activities	**(1,264)**	(1,020)	(22,396)
Cash flows from financing activities			
Repayment of secured loans	**(10,266)**	(258)	(514)
Lease payments under IFRS 16 principal	**(139)**	-	-
Lease payments under IFRS 16 Interest	**(52)**	-	-
Repayment of finance lease principal	**(60)**	(62)	(131)
Finance lease interest paid	**(117)**	(117)	(235)
Bank interest paid	**(216)**	(58)	(234)
Bank loan drawn down	**13,819**	-	10,000
Proceeds from new hire purchase loans	**-**	137	172
Dividends paid	**(419)**	(373)	(579)
Net cash flows from financing activities	**2,550**	(731)	8,479
Net increase / (decrease) in cash and cash equivalents	**3,377**	(1,398)	(10,834)
Cash and cash equivalents at start of year	**6,184**	17,018	17,018
Cash and cash equivalents at end of year	**9,561**	15,620	6,184

Condensed Consolidated Statement of Comprehensive Income
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2019

Notes	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
Cash flow hedges - effective portion of changes in fair value	(418)	6	4
Items that are or may be reclassified subsequently to profit or loss	**(418)**	**6**	4
Actuarial gain on pension schemes net of tax	-	-	27
Items which will not ultimately be recycled to the income statement	-	-	27
Other comprehensive expense	(418)	6	31
Profit for the period	962	1,042	3,031
Total comprehensive income	**544**	**1,048**	**3,062**

Condensed Consolidated Statement of Changes in Shareholders' Equity
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2019

	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
Shareholders' funds at beginning of period	**44,567**	41,733	41,733
Profit for the period	**962**	1,042	3,031
Cash flow hedges - effective portion of changes in fair value	**(418)**	6	4
Re-measurement of the defined benefit pension liability, net of tax	**-**	-	27
Dividends paid	**(419)**	(373)	(579)
Total comprehensive income	**125**	675	2,483
Opening adjustment for the impact of IFRS 15 (note 1)	**-**	-	160
Opening adjustment for the impact of IFRS 16 (note 1)	**(188)**	-	-
Shares issued on exercise of options	**(28)**	43	150
Share-based payments granted to employees	**49**	38	69
Employee options vested in the period	**-**	(29)	(28)
Shareholders' funds at end of period	**44,525**	42,460	44,567

Notes to the Unaudited Interim Statements

1. Basis of preparation
This interim financial statement comprises the condensed consolidated balance sheets at 30 September 2019, 30 September 2018 and 31 March 2019 and condensed consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for the periods then ended and related notes of FIH group plc (hereinafter 'the interim financial information').

The interim financial information has been prepared in accordance with the accounting policies set out in the Group's 2019 annual financial statements. As permitted, these interim financial statements have been prepared in accordance with AIM rules and not in accordance with IAS34 'Interim Financial Reporting'.

Adoption of new accounting standards

The Group has adopted new international accounting standard IFRS 16: *Leases* for the first time in the financial statements to 30 September 2019. The application of IFRS 16 has not had any impact on the results of the Group in the six months to 30 September 2018. IFRS 16 requires a company's operating lease liabilities to be shown on the balance sheet together with the related assets which correspond to the right to use such assets over the remaining life of the related lease contracts.

Unlike many companies, FIH group plc does not have extensive operating leases within its business units and the accounting adjustments required to reflect the new standard amount to less than 0.5% of the Group's net assets.

The effect of this new accounting treatment at 30 September 2019 is to increase lease liabilities by £3.1 million and fixed assets by £2.9 million. The excess of liabilities of £0.2 million has been taken to reserves. Of the new lease liabilities recognised under IFRS 16 only £0.1 million is due within one year with the balance due over a period of up to 42 years.

IFRS 16: *Leases*
The Group assesses whether a contract contains a lease at inception of the contract. A lease provides the right to use an asset for a period of time in exchange for consideration, usually cash payments. The lease liability is measured at the present value of the future lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the terms of the lease.

Lease payments include: payments fixed at the start of the lease and; variable lease payments dependent on an index, such as RPI; and payments in an optional renewal period if the Group is reasonably certain to exercise the option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is re-measured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review. The right of use asset is subsequently depreciated on a straight line basis over the shorter of the lease term. Leases of low value assets and short-term leases of 12 months or less are expensed to the income statement as a charge is incurred.

There has been no change in the treatment of finance leases, to either amounts due from lessees or to lessors under finance leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return. There has been no change in the treatment of rental income from operating leases, incurred in the Falklands and the rental portfolio income continues to be recognised on a straight-line basis over the term of the lease.

The March 2019 opening reserves were restated and increased by £0.2 million under the new accounting standard, IFRS 15 which requires the immediate recognition of insurance broking commission.

The full revised accounting policies applicable from 1 April 2019 will be provided in the Group's consolidated financial statements for the year ending 31 March 2020. Other amendments to IFRSs that became effective for the period beginning on 1 April 2019 did not have any impact on the Group's accounting policies.

The Interim Report was approved by the Board on 12 November 2019.

Section 245 Statement
The comparative figures for the financial year ended 31 March 2019 are not the Company's full statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

2. Segmental revenue and profit analysis

	Unaudited - Six months to 30 September 2019				
	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
External revenue	**9,084**	**2,314**	**8,032**	**-**	**19,430**
Operating profit	**762**	**667**	**265**	**-**	**1,694**
Finance income	3	-	-	-	3
Finance expense	(61)	(177)	(209)	-	(447)
Net finance expense	**(58)**	**(177)**	**(209)**	**-**	**(444)**
Segment profit before tax	**704**	**490**	**56**	**-**	**1,250**
Assets and liabilities					
Segment assets	27,612	15,796	35,179	4,673	83,260
Segment liabilities	(9,180)	(9,122)	(19,298)	(1,135)	(38,735)
Segment net assets	**18,432**	**6,674**	**15,881**	**3,538**	**44,525**
Other segment information					
Capital expenditure					
Property, plant and equipment	508	42	39	-	589
Investment properties	671	-	-	-	671
Computer equipment	-	-	7	-	7
Total Capital expenditure	**1,179**	**42**	**46**	**-**	**1,267**
Depreciation					
Property, plant and equipment	230	217	274	-	721
Investment properties	67	-	-	-	67
Lease liabilities	12	12	135	-	159
Computer equipment	-	-	34	-	34
Total Depreciation	**309**	**229**	**443**	**-**	**981**

2. Segmental revenue and profit analysis (continued)

	Unaudited - Six months to 30 September 2018				
	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
External revenue	**7,972**	**2,342**	**9,271**	**-**	**19,585**
Operating profit	**490**	**663**	**411**	**-**	**1,564**
Finance income	24	-	-	-	24
Finance expense	(60)	(158)	(17)	-	(235)
Net finance expense	(36)	(158)	(17)	-	(211)
Segment profit before tax	**454**	**505**	**394**	**-**	**1,353**
Assets and liabilities					
Segment assets	24,269	15,400	15,119	9,654	64,442
Segment liabilities	(8,129)	(8,639)	(4,976)	(238)	(21,982)
Segment net assets	**16,140**	**6,761**	**10,143**	**9,416**	**42,460**
Other segment information					
Capital expenditure					
Property, plant and equipment	468	11	219	-	698
Investment properties	346	-	-	-	346
Computer equipment	-	-	-	-	-
Total Capital expenditure	**814**	**11**	**219**	**-**	**1,044**
Depreciation					
Property, plant and equipment	205	225	192	-	622
Investment properties	43	-	-	-	43
Computer equipment	-	-	33	-	33
Total Depreciation	**248**	**225**	**225**	**-**	**698**

2. Segmental revenue and profit analysis (continued)

	Audited – Year to 31 March 2019				
	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
External revenue	**17,554**	**4,367**	**20,607**	**-**	**42,528**
Operating profit	**1,565**	**1,082**	**1,730**	**-**	**4,377**
Finance income	12	12	12	-	36
Finance expense	(72)	(310)	(173)	-	(555)
Net finance expense	(60)	(298)	(161)	-	(519)
Segment profit before tax	**1,505**	**784**	**1,569**	**-**	**3,858**
Assets and liabilities					
Segment assets	25,913	14,756	35,214	1,798	77,681
Segment liabilities	(8,772)	(8,237)	(15,457)	(648)	(33,114)
Segment net assets	17,141	6,519	19,757	1,150	44,567
Other segment information					
Capital expenditure					
Property, plant and equipment	1,055	50	20,034	-	21,139
Investment properties	1,293	-	-	-	1,293
Total Capital expenditure	**2,348**	**50**	**20,034**	**-**	**22,432**
Depreciation					
Property, plant and equipment	395	437	440	-	1,272
Investment properties	99	-	-	-	99
Computer equipment	-	-	66	-	66
Total Depreciation	**494**	**437**	**506**	**-**	**1,437**

3. Finance income and expense

	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
Bank interest receivable	**3**	24	36
Total finance income	**3**	**24**	**36**
Interest payable on bank loans	**(216)**	(58)	(248)
Amortisation of loan arrangement fees	**(2)**	-	-
Interest cost on pension scheme liabilities	**(60)**	(60)	(72)
IFRS 16 Lease charges	**(52)**	-	-
Finance lease interest payable	**(117)**	(117)	(235)
Total finance expense	**(447)**	**(235)**	**(555)**
Net finance cost	**(444)**	**(211)**	**(519)**

4. Taxation

The taxation charge has been estimated to be 23.0% (September 2018: 23.0%).

5. Earnings per share

Earnings per share on underlying profit

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

	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
Weighted average number of shares in issue	**12,503,482**	12,442,331	12,451,125
Less: shares held under the ESOP*	**(3,267)**	(12,252)	(9,964)
Average number of shares in issue excluding the ESOP* shares	**12,500,215**	12,430,079	12,441,161
Maximum dilution with regards to share options	**158,429**	133,176	119,277
Diluted weighted average number of shares	**12,658,644**	12,563,255	12,560,438

* The ESOP was the Employee Share Ownership Plan, which was terminated on 9 August 2019.

5. Earnings per share (continued)

	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
Profit before tax	**1,250**	1,353	3,858
Tax thereon	**(288)**	(311)	(827)
Tax rate	***23.0%***	***23.0%***	***21.4%***
Profit after tax	**962**	1,042	3,031

Basic earnings per share on underlying profit	**7.7p**	8.4p	24.4p
Diluted earnings per share on underlying profit	**7.6p**	8.3p	24.1p

6 Employee benefits

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

7 Analysis of cash, bank borrowings / Hire purchase and long-term leases

	As at 1 April 2019 £'000	Movement £'000	**As at 30 September 2019 £'000**	As at 30 September 2018 £'000
Cash at bank and in hand	6,184	3,377	**9,561**	15,620
Current debt, due within one year				
Bank loans	(10,530)	9,455	**(1,075)**	(519)
Hire purchase	(79)	9	**(70)**	(90)
Pontoon Lease	(36)	(1)	**(37)**	(35)
Bank, HP & Pontoon debt	(10,645)	9,463	**(1,182)**	(644)
Rental lease liabilities	-	(110)	**(110)**	-
Total current debt	**(10,645)**	**9,353**	**(1,292)**	**(644)**
Non-current debt, due after one year				
Bank loans	(2,284)	(13,010)	**(15,294)**	(2,552)
Hire purchase	(169)	34	**(135)**	(175)
Pontoon Lease	(4,695)	18	**(4,677)**	(4,712)
Bank, HP & Pontoon debt	(7,148)	(12,958)	**(20,106)**	(7,439)
Rental lease liabilities	-	(2,992)	**(2,992)**	-
Total non-current debt	(7,148)	(15,950)	**(23,098)**	(7,439)
Bank debt and Cash				
Bank Debt	(12,814)	(3,555)	**(16,369)**	(3,071)
Cash	6,184	3,377	**9,561**	15,620
Cash less bank loans	(6,630)	(178)	**(6,808)**	12,549
Hire purchase and lease liabilities				
Hire Purchase	(248)	43	**(205)**	(265)
Pontoon Lease	(4,731)	17	**(4,714)**	(4,747)
Rental lease liabilities	-	(3,102)	**(3,102)**	-
Total hire purchase and lease liabilities	(4,979)	(3,042)	**(8,021)**	(5,012)
Total net debt	(11,609)	(3,220)	**(14,829)**	7,537

8 Capital commitments

At 30 September 2019 the Group had capital commitments of £430,000 for six bespoke trucks on order at Momart, which has not been provided for in these financial statements.

At 30 September 2018 the Group had a capital commitment of £45,000 for the purchase and fit-out of a Vito van by Momart, which has not been provided for in these financial statements.

Directors

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Robin Williams *Non-executive Chairman*
Jeremy Brade *Non-executive Director*
Rob Johnston *Non-executive Director*

Company Secretary
Carol Bishop

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