12 November 2020

FIH group plc

("FIH" or the "Group")

Results for the six months ended 30 September 2020

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 2020 ("the period"). Comparisons shown below are for the same period in 2019 unless otherwise stated.

Resilient performance despite impact of Covid-19

Financial Highlights

- Group revenue reduced by £5.0 million to £14.4 million (2019: £19.4 million) due to the impact of Covid-19 on our UK businesses (the Falkland Islands have been Covid-19 free);
- Pre-tax loss limited to £0.2 million (2019: profit before tax of £1.3 million) after including initial restructuring costs of £0.1 million from the cost reduction programme in the UK;
- Falkland Islands Company ("FIC") operations saw revenue growth and increased profitability;
- UK businesses were adversely affected by Covid-19 but moved back into profit by late summer;
- H1 restructuring costs were £0.1 million and further £0.4 million incurred to date in H2; Total cost reductions from restructuring expected to generate ongoing annual savings of £1.6 million from November 2020;
- Bank borrowings at 30 September 2020: £20.6 million (31 March 2019: £15.7 million) including an interest free £5.0 million CBILS loan, drawn down in June 2020 to provide additional insurance and a £13.5 million commercial mortgage on a freehold property at Leyton;
- Positive net cash flow from operations of £0.3 million, despite pre-tax losses;
- Closing cash balance at 30 September 2020: £14.4 million (31 March 2020: £9.1 million);
- Dividend temporarily suspended until sufficient profitability restored.

Outlook

- UK lock-down will hit short term revenue but restructuring actions already taken will help to minimise impact;
- FIC profitability set to continue as Islands remain virus free;
- Newly imposed lock-down will reverse progress in short term and see a return to losses in H2;
- Cash resources give Group resilience and strategic flexibility;
- UK businesses remain fundamentally sound and are expected to return to profitability when the pandemic recedes.

John Foster, Chief Executive, said:

"Our focus has been to protect the business during this extraordinary year to ensure it is well placed to recover rapidly when the current crisis passes. We believe this has been achieved. We have reduced our fixed cost base, increased our access to capital and have as a result over £14 million of cash. More than sufficient we believe to weather the most pessimistic of forecasts for the current crisis. Our FIC business has been largely unaffected and provides a very helpful counterbalance to our two UK businesses whilst we navigate the current challenges. Perhaps most importantly in the terms of outlook, the Group has shown that when its markets are open the businesses are able to move back into profitability. Taken together, the Board is therefore confident in the medium and long-term prospects for the Group."

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Chairman's Report

FIH Group's Interim results for the 6 months ended 30 September 2020.

The adverse challenges created by the arrival of Covid-19 earlier this year have been severe. The Group's UK businesses were initially dramatically affected with both the passenger volumes at the Portsmouth Harbour Ferry Company ("PHFC") and the levels of art transported by Momart at one point both down to some 10% of expected levels. However, since we last reported in June, I am pleased to report that trading has made steady progress and the heavy losses seen in the early months of the new financial year were successfully stemmed, demonstrating the fundamental health of the Group's businesses when allowed to trade.

Both PHFC and Momart have shown a steady recovery although the renewed lock-down measures recently put in place will delay further progress, particularly at PHFC, so that we now expect losses to continue into the second half of the year.

At PHFC, the Board took the decision to maintain the continued operation of the ferry to support the local community and to underscore the long-term nature and commitment of the Group to this vital local service. Over the summer this faith was borne out as the number of passengers steadily recovered and regular if still reduced ferry travel was resumed by many local residents. The new lock-down will take us back again to very low passenger numbers and continuing losses. As we are not currently running the peak hour second boat, some 9 staff became redundant and left the business at the end of October.

At Momart, while there has been some recovery in gallery services to the private sector and storage income has been resilient, the return to public museum exhibitions at anything approaching normal levels is thought to be some time away, so we were left with no alternative but to announce redundancies of 27 staff over the summer. We do not expect the new lock-down to flatten demand as it did in the Spring, but nevertheless it will suppress or reverse some of the recovery we had seen.

The Falkland Islands quickly became virus free, so business activity remained buoyant and FIC saw its revenues and profits increase on the back of new Falkland Islands Government ("FIG") contracts and the continued expansion of its rental portfolio. The Southern Hemisphere summer will not bring the normal tourism, but FIC has remained profitable throughout and we expect this to continue.

A detailed commentary on the results is provided in the Chief Executive's Review below but I am pleased to report that the Group has made good progress in facing the challenges presented by Covid-19. Turnover was down 26% to £14.4 million and losses in the six month period to 30 September were restricted to a pre-tax loss of £0.2 million after incurring £0.1million of restructuring costs.

Despite the challenges brought on by the imposed lock-down the Group's cash position remains strong and underlying cash flow in the period was positive. At 30 September 2020 the Group had cash on hand of £14.4 million, an increase of £5.3 million since 31 March 2020, brought about by tight cash control and the drawing down of £5.0 million under the CBILS scheme. This strengthened level of cash resources provides the Group with enviable financial resilience in the face of the current economic uncertainty.

Despite this, in the current circumstances and until sustainable profitability is restored, the Board remains prudent and is not recommending the payment of a dividend. However, the position is being kept under constant review.

With the recent reintroduction of a lock-down in England and across much of Europe we currently do not expect the Group to return to profitability in the second half although the impact of losses in the UK will be mitigated by the profitability of FIC and the benefit of the restructuring and cost saving actions already undertaken.

I would like to thank staff at all levels in the Group for their professionalism and dedication in the face of the many challenges, both personal and corporate, that the business has encountered since March.

Notwithstanding the recent return to a lock-down in the UK, the Group is in a good position to face what remains an uncertain near-term outlook. Although serious challenges remain the Group is well placed to meet these and the board looks forward to a return to profitable trading once we are through the current turmoil and to resuming our drive to maximise shareholder value over the medium term.

Robin Williams

12 November 2020

Chief Executive's Review

Group overview

While the Group's results in the six months to 30 September 2020 reflect the unprecedented impact of the Covid-19 pandemic, which made our consistently profitable UK operations immediately loss making, the Group has also demonstrated when allowed to trade relatively normally it returns to profitability. This, taken together with the actions to reduce the fixed cost base and the Group's strong cash reserves gives the Board confidence in the Group's ability to navigate through the current crisis and emerge in a good position thereafter.

In both of the Group's UK businesses especially in the initial lock-down phase in early April, activity shrank to a small fraction of prior year levels and significant losses were generated despite making full use of the UK Government's very welcome Coronavirus Job Retention Scheme ("CJRS"), securing voluntary pay cuts from all staff of 20% and clamping down an all non-essential expenditure. The plc Board reduced its salaries and fees by 30%. Pay levels were restored in all companies by 1 October and the Board would like to acknowledge the sacrifices made by hard working and committed staff across the Group.

In welcome contrast, FIC suffered only modest initial disruption. After a temporary lock-down in early April, an effective quarantine programme saw the islands virus free by early summer and business activity quickly recovered with local demand remaining strong. With this solid platform and building on its success in winning new FIG construction contracts FIC delivered a healthy increase in profit helping to mitigate the adverse impact of Covid-19 on the Group's overall profitability.

In the UK as the lock-down was gradually relaxed from the end of May, activity slowly recovered but still remained well below normal levels at the end of the period. In the Falkland Islands, restrictions on flights into and out of the Islands served to bolster local demand as the normal winter departures to the northern hemisphere were curtailed and customer spend held up well in most areas.

However, the Group's UK revenues reduced by £5.7 million (55%) to £4.7 million and the more benign trading environment in the Falkland Islands which saw FIC deliver a £0.6 million increase in sales to £9.7 million (2019: £9.1 million) could only partially offset this decline. Overall Group revenues dropped by 26% to £14.4 million.

In the UK customer activity gradually improved over the summer and with consistent profits being generated in FIC, the Group moved into overall profitability by the end of the period. However, the significant adverse effects in the early months of lock-down produced first half losses before tax of £0.2 million compared to a Profit Before Tax of £1.3 million in the prior year.

An analysis by business is shown below:

Revenue **Six months ended 30 September**	**2020** **£ million**	2019 £ million
Falkland Islands Company	**9.7**	9.1
Portsmouth Harbour Ferry	**0.8**	2.3
Momart	**3.9**	8.0
Total Revenue	**14.4**	19.4

Profit Before Tax **Six months ended 30 September**	**2020** **£ million**	2019 £ million
Falkland Islands Company	**0.8**	0.7
Portsmouth Harbour Ferry	**(0.4)**	0.5
Momart	**(0.5)**	0.1
Restructuring Costs	**(0.1)**	-
Profit / (Loss) Before Tax	**(0.2)**	1.3
Diluted Earnings per Share in pence	**(1.5p)**	7.6p

The pre-tax loss of £0.2 million is stated after £0.1million of restructuring costs, the initial element in a programme concluded by the end of October led to a total reduction in UK headcount of 37 staff, (22% of UK employees). A further £0.4 million of restructuring costs have been incurred in H2 and taken together these actions are expected to produce annual savings of £1.6 million which will help offset the loss of UK Government support from the £1.3 million in furlough grants received in the first half.

The return to lock-down conditions in the UK in early November is an unwelcome setback and will reverse recent progress in UK. As a result, we now expect to see a continuation of overall losses in the second half.

Cash Position
With respect to cash, a clamp down on capital expenditure and the effective collection of outstanding receivables saw a positive cash flow in the period of £0.3 million after the repayment of £0.1 million of bank loans. With the draw-down of £5.0 million in interest free CBILS loans in late June to provide additional insurance against unknown future developments, the Group's total cash reserves increased by £5.3 million to £14.4 million as at 30 September 2020.

Group bank borrowings at 30 September 2020, including the £5.0 million interest free CBILS loan, and a £13.5 million commercial mortgage, were £20.6 million (31 March 2020 £15.7 million).

Dividend
Until the Group returns to consistent profitability the board does not consider it appropriate to resume the payment of dividends. In the prior year an interim dividend of 1.80 pence per share was paid.

Operating Review

Falkland Islands Company

Trading in FIC was encouraging with an overall 7.2% growth in revenue to £9.7 million (2019: £9.1 million) led by growth at Falkland Building Services (FBS) where continuing work on FIG housing contract for 26 homes was added to by the successful tendering for new FIG road maintenance work. Elsewhere, FIC's retail operations saw 3.1% growth in revenue as domestic demand remained robust and at Falklands 4x4 overall revenue was flat as increased vehicle sales largely offset the absence of a large parts contract seen last year. Revenue from Other Services reduced by £0.1 million as third-party freight was affected by the virus but steady recurring insurance income helped offset declines at the Fishing Agency and Penguin Travel. Following continued expansion of FIC's portfolio of residential properties to 73 houses from 58 last year, property rental income increased by 31% to £0.4 million.

In overall terms FIC enjoyed very encouraging trading boosted by new contracts from FIG and the stability of the Falklands domestic economy largely free from the effects of lock-down seen in the UK.

Reflecting this top-line growth, FIC's Profit Before Tax increased by 14.3% to £0.8 million an increase of £0.1 million compared to the prior period (2019: £0.7 million).

FIC **Six months ended 30 September**	**2020** **£ million**	2019 £ million	Change %
Revenue			
Retail	**4.6**	4.5	*3.1%*
FBS (construction)	**2.0**	1.5	*32.8%*
Falklands 4x4	**1.6**	1.6	*-1.3%*
Other services	**1.1**	1.2	*-5.5%*
Property Rental	**0.4**	0.3	*31.3%*
Total FIC revenue	**9.7**	9.1	*7.2%*
Operating profit	**0.9**	0.8	*13.8%*
Pensions charge	**(0.1)**	(0.1)	-
Profit Before Tax	**0.8**	0.7	*14.3%*

Unlike in the UK, FIC's H1 trading results did not suffer any major adverse effects as domestic demand in the Falklands remained robust following the success of FIG in stamping out Covid-19 and imposing an effective quarantine. However, the quarantine is likely to remain in place to protect the people of the Islands until an effective vaccine is developed and this will mean the absence of tourists travelling by air and also of cruise ship visitors during the coming Falklands summer which normally brings a substantial uplift to economic activity in the Islands and to FIC's trading results. Until the Islands' vulnerability to the virus is dealt with and quarantine removed, trading activity is not expected to benefit from the normal seasonal boost which last year helped FIC deliver PBT of £1.4 million in the second half.

However, once the current Covid-19 crisis has been reduced or ended, we believe that tourism to the Islands will resume its steady growth creating significant new opportunities for the development of visitor services in the Falklands.
In addition, the continued presence of the UK military and the planned renewal of the infrastructure of the Mount Pleasant base is also expected to create new business opportunities for FIC as is the ongoing capital building programme of FIG. These key opportunities are now beginning to come through and should provide a significant boost to local businesses over the medium term.

Portsmouth Harbour Ferry Company

PHFC revenue was dramatically affected by the onset of Covid-19 and UK lock-down in late March 2020, as physical movement and travel for all but essential services workers ceased. However, despite the lock-down a regular 15 minute ferry service was maintained with operating hours reduced by one hour to provide a 17 ½ hour per day service (5.30am to 11.00pm) primarily carrying hospital and emergency services personnel. Due to the lack of demand and to save costs, the two vessel peak hours service was discontinued.

Passenger volumes in April at the height of the lock-down fell to less than 10% of the prior year as the number of regular travellers reduced to below 2,000 per week from over 20,000 per week in the prior year.

To help reduce the inevitable trading losses full use was made of the UK Government's furlough scheme with 25 ferry staff out of 35 being placed on furlough during the period while a core team was retained to maintain operation of the service. Application was made without success to Central Government for additional financial assistance to help defray costs but local authorities in the Portsmouth area did provide a welcome £90,000 of grants as well as agreeing to the deferment of rates and pontoon rent which helped ease initial cash flow. All ferry staff both including those working as well as those on furlough, accepted a 20% reduction in wages which was maintained until 1 September reducing operating costs by £88,000. Furlough grants received from UK Government amounted to £165,000 and all non-essential expenditure was halted.

Importantly revenue recovered steadily as lock-down measures were reduced and passengers returned to using the ferry for travelling to work and to undertake leisure activities and shopping. By June passenger numbers were 24% of prior year levels, in August 54% and by September they had risen to 64%. With increased patronage, and with the help of the UK Government's furlough scheme the ferry achieved break-even by the end of the six month period.

Overall revenue for the six months to 30 September was £1.5million (-65% below the level seen in the prior year). Despite cost saving measures and the grant income from UK Government's furlough scheme, the sharp contraction in revenue in the period saw the ferry suffer an unprecedented loss before tax (after the allocation of reduced head office costs) of £0.4 million (2019 Profit Before Tax £0.5 million).

PHFC: **Six months ended 30 September**	**2020** **£ million**	2019 £ million	Change %
Revenue			
Ferry fares	**0.8**	2.1	*-62.6%*
Cruising and Other income	**-**	0.2	*-100.0%*
Total Ferry Revenue	**0.8**	2.3	-65.4%
Trading profit (loss)	**(0.3)**	0.7	
Bank & Lease interest	**(0.1)**	(0.2)	
(Loss) /Profit Before Tax	**(0.4)**	0.5	

As September came to a close the renewal of UK Government advice to avoid unnecessary travel to work saw passenger volumes drop back again and with the imminent closure of the furlough scheme it became necessary to make permanent cost savings by means of a programme of largely voluntary redundancies which saw the company's headcount fall by nine to 25 ferry staff including four members of staff retained to work part time under the new CJRS. This reduced establishment will be sufficient to maintain the existing 17 ½ hour per day service and will allow the resumption of a peak boat service in 2021 when we hope to see a return to normal operations.

Looking ahead, in the near term the continued presence of Covid-19 and the renewal of a national lock-down from 5 November will reduce passenger volumes albeit probably not as sharply as in the Spring as schools remain open and many people are still travelling to work. However, despite the cost savings secured from redundancies and the extension of the UK Government's furlough scheme, trading losses are expected to continue until more normal movement of commuters and leisure travellers resumes.

Momart

After an encouraging performance in the second half of last year where Momart generated £1.0 million of Operating Profit in the six months to 31 March 2019, the impact of Covid-19 halted this trading momentum with a virtual cessation of UK and international art movements in the first two months of the current financial year. Despite a welcome 15% increase in art storage, Momart's overall revenue fell by 52% resulting in a loss before tax of £0.5 million (2019 Profit £0.1 million).

As museums, galleries and auction houses closed their doors, in April revenue fell by 95% compared to prior year. Faced with an effective closure of business activities maximum use was made of CJRS and 108 staff were placed on furlough delivering £1.1 million of much needed UK Government grants. All non-essential expenditure was ceased and all staff including directors and those on furlough, accepted a 20% voluntary reduction in pay producing savings of £0.4 million in the period.

Despite a gradual increase in activity in the first quarter art handling revenue excluding storage in the three months to 30 June was still 80% below prior year levels. In June galleries re-opened but all major international art fairs remained closed. In July, UK museums reopened in stages but with social distancing in place, visitor numbers were severely constrained and the large shows planned for the summer months were put on hold.
The commercial art market recovered more quickly with the shorter lead times involved and increased use was made of virtual shows and auctions to satisfy remote buyers and the second quarter saw a marked recovery in Gallery Services activity. Momart also benefitted over the summer from securing prestigious UK Government contracts for work at the Palace of Westminster and with the storage of elements of the UK Government Art Collection pending re-siting in Whitehall later in the year. With museum income from visitors severely restricted, Exhibitions activity was down 70% over the period at £1.3 million (2019: £4.3 million). Gallery Services revenues were not as badly affected but still suffered a 50% drop in sales to £1.4 million (2019 £2.7 million) as the market endured the continued cancellation of all major international Art Fairs.

Recovery was evident in the second quarter and sales progressed steadily over the summer with overall art handling revenues in September at 56% of prior year levels.

On a positive note art storage income rose 15.2% to £1.2 million following success in securing new public sector storage clients and the company also avoided any major client defaults with a focussed programme of cash collection by the Momart finance team.

Momart: **Six months ended 30 September**	**2020** **£ million**	2019 £ million	Change %
Revenue			
Museums and public Exhibitions	**1.3**	4.3	*-69.5%*
Commercial Galleries and Auction Houses	**1.4**	2.7	*-50.0%*
Art Storage	**1.2**	1.1	*14.4%*
Total Revenue	**3.9**	8.1	*-52.1%*
Trading profit	**(0.3)**	0.3	
Bank & Lease interest	**(0.2)**	(0.2)	
Profit Before Tax	**(0.5)**	0.1	

Looking ahead, with the art market still subdued and the recovery of the museum sector unresolved, market conditions will continue to be challenging. The return to lock-down in England and across much of Europe will dampen activity further although the cost saving actions taken to date and the reintroduction of the UK Government furlough scheme until the end of March will help keep losses to a minimum. With the recently renewed lock-down we do not expect a return to consistent profitability at Momart until well into next year.

Balance Sheet and Cash Flow

During the six months to 30 September 2020, with operating profits of £0.2 million and depreciation of £1.2 million, the Group produced EBITDA of £1.4 million (2019: £2.7 million). With investment on fixed assets curtailed due to Covid-19, total capital expenditure in the period decreased to £0.7 million (2019: £1.3 million), with continued spend of £0.3 million on investment property and £0.4 million on heavy plant in the Falklands for the civils construction business. 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 £0.8 million (2019: £1.6 million).

In the first six months of the new financial year, total inventories rose by £1.0 million to £6.3 million linked largely to an increase in housing work-in-progress at FBS but remained £0.5 million lower than at the same time last year. However, debtor collection was strong with receivables being reduced by £4.1 million and with reductions in trade creditors of £2.5 million from the position at year end, there was an overall decrease in working capital of £0.6 million in the six months to 30 September 2020 (2019: £0.4 million increase). £0.1 million in corporation tax was paid but no dividend was paid in the period and the Group's underlying cash generation was strong given the trading conditions with £0.3 million of positive cash flow after £1.0 million in loan repayments and interest. Following the draw-down of £5.0 million as a CBILS loan the Group's net cash flow in the six months from 31 March 2020 amounted to an inflow of £5.3 million. As a result, closing cash balances increased from £9.1 million to £14.4 million at 30 September 2020.

In addition to the Group's cash balances of £14.4 million, and closing bank borrowings of £20.6 million at 30 September 2020, the Group also had lease liabilities due in less than a year of £0.5 million (31 March 2020: £0.6 million), and non-current liabilities for long-term rental leases of £7.4 million (31 March 2020: £7.8 million).

Impact of Brexit

As described further below, the Board expects the potential impact of Brexit on the Group to be limited and mainly felt by Momart. Additionally, with the benefit of transitionary arrangements, regulations governing the movement of goods into and out of the EU have been effectively unchanged from those prior to the UK's departure from the European Union and to date there has been little impact on the Group's businesses from Brexit.

In the Falklands, FIC has almost no direct trading links with the EU but some potential exposure exists for the wider Falklands economy of exports of squid to Spain, albeit the existence of potential work arounds and alternative markets means no significant damage to the wider Falklands economy is likely to be experienced.

PHFC is also closely linked to the dynamics in its local area and with the exception of minor spare parts for ferry vessels has no direct exposure to the EU.

Momart is faced with some potential disruption to its business and if no trade deal is negotiated by 31 December 2020 it is likely that there will initially be queues at the channel ports and increased delays and costs for transporting art into and out of Europe. After initial teething problems however, it seems unlikely that increased friction at EU borders will lead to a significant down-turn in the movement of art into and out of Europe when the art market as a whole is global and has long contended with and overcome fiscal and bureaucratic "barriers" of this kind across the Americas, Asia and the Middle East. It also seems unlikely that London will lose its pre-eminent place in the global art market or its attraction as a cultural and economic hub and so although some modest disruption can be initially anticipated the longer-term outlook looks robust.

Outlook

The fast-moving events of 2020 have made it unusually hard to forecast the near-term trading performance of the Group and with the recent re-introduction of lock-downs in the UK and across much of Western Europe this uncertainty has only increased.

It should be noted that in the depths of the crisis in the period covered by this report, although the Group clearly did not benefit from Covid-19 it nonetheless was able to limit first half losses to £0.2 million, maintain scheduled debt repayments and actually increase its underlying cash balances.

As we enter the second half of our financial year the Group has over £14 million of "free" cash and a business in FIC that has shown itself capable of maintaining and increasing profit in these difficult times. By the start of November, the Group's cost base had been significantly reduced making it more able to weather what is still likely to be a difficult period in the UK. In addition, the Board is hopeful that the possibility of an early return to normality in 2021 would allow the Group to resume the steady growth which had seen pre-tax profits increase from £2.4 million to £3.9 million in the three years up to 2019.

We expect underlying losses to continue for the second half and exceptional restructuring costs to be higher than they have been in the first half, reflecting the cost reduction measures already taken.

In summary, although the immediate outlook in the UK continues to be challenging and losses in the UK appear likely whilst lock-down persists, the strength of FIC in the Falklands provides a helpful counterbalance to such threats. Cash balances are more than adequate to see the business through many difficult years if required and the ability of the Group to rapidly recover its profitability when external circumstances allow has been well demonstrated in recent months.

Looking to the longer term, the potential in the Falklands from tourism and working as a key local partner with FIG and the military remains undimmed. In the UK, the recently announced £56 million of UK Government investment from the "Transforming Cities" fund looks set to make a real difference to the outlook for Gosport and PHFC and at Momart a recent strengthening and reorganisation of the operational management team will help underpin a return to organic growth once market stability and confidence is re-established. We continue to be vigilant for any permanent changes that our markets may experience once the pandemic has cleared away.

In addition to the potential of the Group's existing businesses the recent economic turbulence may create new opportunities for acquisition led growth and the Board's strategy and commitment to significant enlargement of the Group via earnings enhancing acquisitions remains in place.

Although near term challenges remain the Board looks forward to the future with confidence.

John Foster
Chief Executive
12 November 2020

Condensed Interim Consolidated Income Statement
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020

Notes		**Unaudited 6 months to 30 September 2020 £'000**	**Unaudited 6 months to 30 September 2019 £'000**	Audited Year ended 31 March 2020 £'000
2	**Revenue**	**14,384**	19,430	44,600
	Cost of sales	**(9,212)**	(11,131)	(26,521)
	Gross profit	**5,172**	8,299	18,079
	Other administrative expenses	**(4,958)**	(6,699)	(13,745)
	Consumer finance interest income	**113**	94	231
	Goodwill impairment	**-**	-	(7,479)
	Operating expenses	**(4,845)**	(6,605)	(20,993)
	Restructuring costs	**(102)**	-	-
	Operating profit / (loss)	**225**	1,694	(2,914)
	Finance income	**-**	3	13
	Finance expense	**(472)**	(447)	(869)
3	Net financing costs	**(472)**	(444)	(856)
	(Loss) / profit before tax	**(247)**	1,250	(3,770)
4	Taxation	**57**	(288)	(958)
	(Loss) / profit attributable to equity holders of the Company	**(190)**	962	(4,728)
5	**Earnings per share**			
	Basic	**(1.5p)**	7.7p	22.0p
	Diluted	**(1.5p)**	7.6p	21.7p

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

Condensed Consolidated Balance Sheet
AT 30 SEPTEMBER 2020

	Unaudited 30 September 2020 £'000	Unaudited 30 September 2019 £'000	Audited 31 March 2020 £'000
Non-current assets			
Intangible assets	**4,212**	11,739	4,246
Right to use assets	**-**	2,894	-
Property, plant and equipment	**40,940**	38,439	41,712
Investment properties	**6,691**	5,843	6,458
Investment in joint venture	**259**	259	259
Debtors due in more than one year	**88**	88	88
Hire purchase debtors	**527**	600	519
Deferred tax assets	**651**	721	677
Total non-current assets	**53,368**	60,583	53,959
Current assets			
Inventories	**6,333**	6,787	5,374
Trade and other receivables	**4,635**	5,776	8,696
Hire purchase debtors	**589**	553	596
Cash and cash equivalents	**14,367**	9,561	9,108
Total current assets	**25,924**	22,677	23,774
TOTAL ASSETS	**79,292**	83,260	77,733
Current liabilities			
Trade and other payables	**(6,082)**	(8,610)	(8,611)
Interest bearing loans and borrowings	**(1,468)**	(1,182)	(1,165)
Derivative financial instruments	**(537)**	(110)	(537)
Corporation tax payable	**(112)**	(422)	(233)
Total current liabilities	**(8,199)**	(10,324)	(10,546)
Non-current liabilities			
Interest bearing loans and borrowings	**(27,037)**	(23,098)	(22,942)
Deferred tax liabilities	**(2,849)**	(2,529)	(2,849)
Employee benefits	**(2,615)**	(2,784)	(2,604)
Total non-current liabilities	**(32,501)**	(28,411)	(28,395)
TOTAL LIABILITIES	**(40,700)**	(38,735)	(38,941)
Net assets	**38,592**	44,525	38,792
Capital and reserves			
Equity share capital	**1,250**	1,250	1,250
Share premium account	**17,590**	17,590	17,590
Other reserves	**703**	1,162	703
Retained earnings	**19,584**	24,955	19,784
Financial assets fair value reserve	**(535)**	(432)	(535)
Total equity	**38,592**	44,525	38,792

Condensed Consolidated Cash Flow Statement
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020

Notes	Unaudited 6 months to 30 September 2020 £'000	Unaudited 6 months to 30 September 2019 £'000	Audited Year ended 31 March 2020 £'000
Profit for the period	**(190)**	962	(4,728)
Adjusted for (i) Non-cash items:			
Depreciation of rental leases	**-**	159	-
Depreciation and amortisation	**1,175**	822	2,063
Goodwill impairment	**-**	-	7,479
Loss on disposal of fixed assets	**60**	34	78
Interest cost on pension scheme liabilities	**60**	-	65
Equity-settled share-based payment expenses	**22**	49	97
Non-cash items adjustment	**1,317**	1,064	9,782
(ii) Other items:			
Net finance expense	**423**	444	737
Decrease in hire purchase debtors	**(1)**	90	128
Corporation and deferred tax expense/(income)	**(57)**	288	958
Other adjustments	**365**	822	1,823
Operating cash flow before changes in working capital and provisions	**1,492**	2,848	6,877
Decrease / (increase) in trade and other receivables	**4,061**	1,985	(935)
(Increase) / decrease in trading inventories	**(959)**	(972)	471
Decrease in trade and other payables	**(2,529)**	(1,429)	(980)
Changes in working capital and provisions	**573**	(416)	(1,444)
Cash generated from operations	**2,065**	2,432	5,433
Cash outflow on nil cost option exercise	**(32)**	(28)	(29)
Payments to pensioners	**(49)**	(48)	(97)
Corporation taxes paid	**(64)**	(265)	(659)
Net cash from operating activities	**1,920**	2,091	4,648
Cash flows from investing activities			
Purchase of property, plant and equipment	**(662)**	(1,267)	(3,361)
Purchase of software	**-**	-	(27)
Bank interest received	**-**	3	13
Net cash flows from investing activities	**(662)**	(1,264)	(3,375)
Cash flows from financing activities			
Bank loan drawn down	**5,000**	13,819	13,875
Repayment of bank loans	**(148)**	(10,266)	(10,955)
Bank interest paid	**(252)**	(216)	(478)
Lease lability draw down	**-**	-	534
Repayment of finance lease principal	**(439)**	(199)	(395)
Lease liabilities interest paid	**(160)**	(169)	(340)
Dividends paid	**-**	(419)	(644)
Net cash flows from financing activities	**4,001**	2,550	1,597
Net (decrease) / increase in cash and cash equivalents	**5,259**	3,377	2,870
Cash at start of year	**9,108**	6,184	6,184
Exchange gains on cash balances	**-**	-	54
Cash and cash equivalents at end of year	**14,367**	9,561	9,108

Condensed Consolidated Statement of Comprehensive Income
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020

Notes	Unaudited 6 months to 30 September 2020 £'000	Unaudited 6 months to 30 September 2019 £'000	Audited Year ended 31 March 2020 £'000
Cash flow hedges - effective portion of changes in fair value	**-**	(418)	(521)
Deferred tax on effective portion of changes in fair value	**-**	-	102
Items that are or may be reclassified subsequently to profit or loss	**-**	(418)	(419)
Re-measurement of the FIC defined benefit pension scheme	**-**	-	136
Movement on deferred tax asset relating to the pension scheme	**-**	-	(35)
Items which will not ultimately be recycled to the income statement	**-**	-	101
Other comprehensive expense	**-**	(418)	(318)
(Loss) / profit for the period	**(190)**	962	(4,728)
Total comprehensive income	**(190)**	544	(5,046)

Condensed Consolidated Statement of Changes in Shareholders' Equity
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited 6 months to 30 September 2020 £'000	Unaudited 6 months to 30 September 2019 £'000	Audited Year ended 31 March 2020 £'000
Shareholders' funds at beginning of period	**38,792**	44,567	44,567
Restatement related to the application of IFRS 16	**-**	-	(153)
Restated balance at beginning of period	**38,792**	44,567	44,414
(Loss) / profit for the period	**(190)**	962	(4,728)
Cash flow hedges - effective portion of changes in fair value	**-**	(418)	(419)
Re-measurement of the defined benefit pension liability, net of tax	**-**	-	101
Total comprehensive income	**(190)**	544	(5,046)
Transactions with owners in their capacity as owners:			
Share-based payments	**22**	49	97
Opening adjustment for the impact of IFRS 16 (note 1)	**-**	(188)	-
Shares issued on exercise of options	**(32)**	(28)	(29)
Dividends paid	**-**	(419)	(644)
Shareholders' funds at end of period	**38,592**	44,525	38,792

Notes to the Unaudited Interim Statements

1. Basis of preparation

This interim financial statement comprises the condensed consolidated balance sheets at 30 September 2020, 30 September 2019 and 31 March 2020 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').

In adopting the going concern basis of preparation in the interim financial statements, the directors have considered the current trading performance of the Group, and the principal risks and uncertainties it faces. This includes the modelling of “severe but plausible” downside scenarios including longer term changes brought about by Covid-19 in the key markets of group companies, in addition to a cautious scenario for the more near-term impact of Covid-19.

At 30 September 2020 the Group had available cash resources of £14.4 million and bank borrowings of £20.6 million, £0.9 million of which were repayable within the next 12 months. Despite losses in the 6 months to 30 September 2020 the Group’s underlying cash flow remained positive.

The directors believe that the Group is well placed to manage the risks and uncertainties it faces. As such, the directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the interim financial statements.

The interim financial information has been prepared in accordance with the accounting policies set out in the Group's 2020 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 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 material impact on the trading results of the Group but 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.

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 full revised accounting policies applicable from 1 April 2019 were 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 10 November 2020.

Section 245 Statement

The comparative figures for the financial year ended 31 March 2020 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 2020				
	General trading (Falklands) £'000	Ferry services (Portsmouth) £'000	Arts logistics & storage (UK) £'000	Unallocated £'000	Total £'000
External revenue	**9,735**	**800**	**3,849**	**-**	**14,384**
Operating profit	**867**	**(267)**	**(273)**	**(102)**	**225**
					-
Finance income	-	-	-	-	-
Finance expense	(62)	(168)	(242)	-	(472)
Net finance expense	**(62)**	**(168)**	**(242)**	**-**	**(472)**
Segment profit before tax	**805**	**(435)**	**(515)**	**(102)**	**(247)**
Assets and liabilities					
Segment assets	33,000	10,922	30,319	5,051	79,292
Segment liabilities	(7,584)	(8,939)	(18,528)	(5,649)	(40,700)
Segment net assets	**25,416**	**1,983**	**11,791**	**(598)**	**38,592**
Other segment information:					
Capital expenditure					**-**
Property, plant and equipment	362	-	1	-	363
Investment properties	300	-	-	-	300
Total Capital expenditure	**662**	**-**	**1**	**-**	**663**
Depreciation					
Property, plant and equipment	381	226	456	-	1,063
Investment properties	78	-	-	-	78
Computer equipment	-	**-**	34	-	34
Total Depreciation	**459**	**226**	**490**	**-**	**1,175**

2. Segmental revenue and profit analysis (continued)

	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	242	229	409	-	880
Investment properties	67	-	-	-	67
Computer equipment	-	-	34	-	34
Total Depreciation	**309**	**229**	**443**	**-**	**981**

2. Segmental revenue and profit analysis (continued)

	Year ended 31 March 2020				
	General Trading (Falklands) £'000	Ferry Services (Portsmouth) £'000	Art Logistics and Storage (UK) £'000	Unallocated £'000	Total £'000
Revenue	21,671	4,125	18,804	-	44,600
Segment operating profit before tax & non-trading items	2,121	975	1,469	-	4,565
Impairment of goodwill	-	(3,979)	(3,500)	-	(7,479)
Profit / (loss) before net financing costs	2,121	(3,004)	(2,031)	-	(2,914)
Finance income	5	4	4	-	13
Finance expense	(69)	(344)	(456)	-	(869)
Net finance expense	(64)	(340)	(452)	-	(856)
Segment profit / (loss) before tax	2,057	(3,344)	(2,483)	-	(3,770)
Assets and liabilities					
Segment assets	28,492	10,983	32,462	5,796	77,733
Segment liabilities	(9,208)	(8,834)	(20,331)	(568)	(38,941)
Segment net assets	19,284	2,149	12,131	5,228	38,792
Other segment information					
Capital expenditure:					
Property, plant and equipment	1,343	65	1,363	-	2,771
Investment properties	1,351	-	-	-	1,351
Computer software	-	-	27	-	27
Total Capital expenditure	**2,694**	**65**	**1,390**	**-**	**4,149**
Capital expenditure: cash	2,685	65	638	-	3,388
Capital expenditure: non-cash	9	-	752	-	761
Total Capital expenditure	**2,694**	**65**	**1,390**	**-**	**4,149**
Depreciation and amortisation:					
Property, plant and equipment	564	459	840	-	1,863
Investment properties	132	-	-	-	132
Computer software	-	-	68	-	68
Total Depreciation and Amortisation	696	459	908	-	2,063
Impairment of goodwill	-	3,979	3,500	-	7,479
Total Depreciation & impairment	696	4,438	4,408	-	9,542

3. Finance income and expense	**Unaudited 6 months to 30 September 2020 £'000**	Unaudited 6 months to 30 September 2019 £'000	Audited Year ended 31 March 2020 £'000
Bank interest receivable	**-**	3	13
Total finance income	**-**	3	13
Interest payable on bank loans	**(252)**	(218)	(464)
Pension scheme finance costs	**(60)**	(60)	(65)
Lease liability finance charge	**(160)**	(169)	(340)
Total finance expense	**(472)**	(447)	(869)
Net finance cost	**(472)**	(444)	(856)

4. Taxation

The taxation charge has been estimated to be 23.0% (September 2019: 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 2020 £'000	Unaudited 6 months to 30 September 2019 £'000	Audited Year ended 31 March 2020 £'000
Weighted average number of shares in issue	**12,509,543**	12,503,482	12,504,000
Less: shares held under the ESOP*	**(1,633)**	(3,267)	(1,633)
Average number of shares in issue excluding the ESOP* shares	**12,507,910**	12,500,215	12,502,367
Maximum dilution with regards to share options	**201,603**	158,429	181,663
Diluted weighted average number of shares	**12,709,513**	12,658,644	12,684,030

* 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 2020 £'000	Unaudited 6 months to 30 September 2019 £'000	Audited Year ended 31 March 2020 £'000
(Loss)/profit before tax as reported	**(247)**	1,250	(3,770)
Non-trading items:			
Impairment of goodwill	**-**	-	7,479
Underlying profit before tax	**(247)**	**1,250**	**3,709**
Underlying taxation	**57**	(288)	(958)
Tax rate	***23.1%***	*23.0%*	*25.8%*
Underlying profit after tax	**(190)**	962	2,751

Basic earnings per share on underlying profit	**(1.5p)**	7.7p	22.0p
Diluted earnings per share on underlying profit	**(1.5p)**	7.6p	21.7p

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 and interest-bearing loans and borrowings

	As at 1 April 2020 £'000	Movement £'000	**As at 30 September 2020 £'000**	As at 30 September 2019 £'000
Cash and other cash equivalents in the balance sheet	9,108	5,259	**14,367**	9,561
Interest-bearing loans and lease liabilities due in < 1 year				
Secured bank loans	(607)	(320)	**(927)**	(1,075)
Lease liabilities	(558)	16	**(542)**	(217)
Total interest-bearing loans and lease liabilities due in < 1 year	(1,165)	(304)	**(1,469)**	(1,292)
Interest-bearing loans and lease liabilities due in > 1 year				
Secured bank loans	(15,127)	(4,510)	**(19,637)**	(15,294)
Lease liabilities	(7,815)	416	**(7,399)**	(7,804)
Total interest-bearing loans and lease liabilities due in > 1 year	(22,942)	(4,094)	**(27,036)**	(23,098)
Total interest-bearing loans and lease liabilities				
Secured bank loans	(15,734)	(4,830)	**(20,564)**	(16,369)
Lease liabilities	(8,373)	432	**(7,941)**	(8,021)
Total interest-bearing loans and lease liabilities	(24,107)	(4,398)	**(28,505)**	(24,390)
Net debt				
Cash balances	9,108	5,259	**14,367**	9,561
Less: Total interest-bearing loans and lease liabilities	(24,107)	(4,398)	**(28,505)**	(24,390)
Total net debt	(14,999)	861	**(14,138)**	(14,829)

8 Capital commitments

At 30 September 2020 the Group had capital commitments of £389,000 for two bespoke trucks on order at Momart, which has not been provided for in these financial statements.

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.

Directors

John Foster	*Chief Executive*
Robin Williams	*Non-executive Chairman*
Jeremy Brade	*Non-executive Director*
Rob Johnston	*Non-executive Director*
Dominic Lavelle	*Non-executive Director*

Company Secretary
Iain Harrison

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