

FORTH PORTS PLC



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Press Information

25th August 2010

INTERIM RESULTS FOR THE HALF YEAR ENDED 30TH JUNE 2010

Reported results

- Group revenue up 3% to £89.6m (2009: £86.6m)
- Group operating profit up 19% to £22.6m (2009: £19.0m)
- Profit before tax up 29% to £16m (2009: £12.4m)
- Basic earnings per share up 31% to 24.5p (2009: 18.7p)
- Interim dividend increased 5% to 10p per share (2009: 9.5p)

Underlying results

- Underlying Ports EBITDA up 5% to £26.6m (2009: £25.4m)
- Underlying earnings per share up 10% at 26.3p (2009: 24.0p¹)

Operational highlights

- Good performance from the ports business
- Improvement in operating performance in Recycling and Tilbury Container Services
- Increase in the number and level of customer enquiries for new business
- Continued cost reduction against tonnage base
- Outline planning consent agreed for The Harbour, Leith
- Planning applications submitted for two of the four proposed biomass plants

Charles Hammond, Group Chief Executive, said:

“Forth Ports is delivering on its expectations of improved performance, in a difficult market environment. The measures we took in 2009 to improve the efficiency of our business are bearing fruit. These continue, and a number of new opportunities have been identified.

The projects to build shareholder value are proceeding well and we look forward to a good performance for the remainder of 2010, and beyond.”

¹ Restated definition (see Note 20)

Enquiries:

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Notes to Editors:

Forth Ports PLC owns and operates seven commercial ports in the UK – Tilbury on the Thames, Dundee in the Firth of Tay and five in the Firth of Forth – Leith, Grangemouth, Rosyth, Methil and Burntisland. It also has a business, Nordic, which operates out of Chatham in Kent and Tilbury, which is engaged in port activities and recycling.

Within and around the Firths of Forth and Tay, Forth Ports manages and operates an area of 280 square miles of navigable waters, including two specialised marine terminals for oil and gas export and provides other marine services, such as towage and conservancy.

The Group also has significant property interests as well as a renewable energy division which is looking to gain planning approval for onshore wind installations and biomass facilities in its ports in Scotland.

CHAIRMAN AND GROUP CHIEF EXECUTIVE'S REPORT

In an uncertain economic environment, Forth Ports is pleased to report that the Group has improved its overall business performance and made progress in creating value for shareholders in its growth projects.

The highlights of the first half of the year are:

- good performance from the ports business (underlying growth of 5%)
- improvement in operating performance in both recycling and Tilbury Container Services
- an increase in the number and level of customer enquiries for new business
- continued cost reduction against tonnage base
- outline planning consent agreed for The Harbour, Leith Docks development
- planning applications submitted for two of the four proposed biomass plants

The Group produced a good financial performance in the first half of 2010, with all the businesses performing well. Group revenue increased 3% to £89.6m compared with £86.6m in the first half of 2009. The underlying Group operating profit was up 23% to £23.3m compared with £19m in 2009 demonstrating the benefit of the cost control measures taken in 2009 and further initiatives as well as the acquisition of Ocean Terminal Limited (“OTL”) in December 2009. The exceptional costs incurred in the first half of the year relating to the abortive proposal by the Northstream Consortium (“the Consortium”) to acquire the Company amounted to £1.1m.

Basic earnings per share amounted to 24.5p (2009 – 18.7p) with underlying earnings per share up 10% at 26.3p (2009 – 24.0p²).

With the benefit of the broad spread of ports activities and secure long-term contracts, the Group's cash position remains strong. Group net debt at 30th June 2010 amounted to £244.4m, a reduction of £6.7m since 31st December 2009.

The Board has approved a 5% increase in the interim dividend to 10p per share (2009 – 9.5p). The interim dividend will be paid on 5th November 2010 to shareholders on the register at 15th October 2010.

Ports Business

Revenue from the ports business amounted to £76.7m (2009 – £77.1m³) on a total tonnage throughput of 22.3 million tonnes compared with 24.2 million tonnes in the first half of 2009. Within this figure, liquid bulks increased by 6% at the ports, but there was a reduction of 17% in the throughput at the two marine terminals in Scotland principally due to maintenance activities in the North Sea. Dry bulk tonnages amounted to 6.9 million tonnes (2009 – 6.6 million tonnes).

Encouragingly, there was a significant improvement in the performance of Tilbury Container Services Limited (“TCS”), our associated company, where container volumes increased by 10% half year on half year with a 25% improvement in its operating profit to £1m (2009 - £0.8m).

Tilbury

Tilbury contributed another strong financial performance in the first half of 2010. Volumes increased by 8% compared with a decline of 5% in the first half of 2009. The Conventional Division, which handles timber, forest products, ro-ro traffic and motor vehicles, increased its revenue by 5% and significantly increased its operating profit benefitting from a better mix of cargoes and strong cost control. The volume of traffic through the bulks terminal increased by 32% to 165,000 tonnes (2009 – 125,000 tonnes), the principal commodity being animal feed. Scrap and aggregates also showed good volume increases. Although 4% down in volume for the period, the Short Sea Container Division saw a gradual improvement during the course of the first half of 2010 compared with the equivalent period in 2009 when volume declined by 23% compared with the first half of 2008.

² Revised definition (see Note 20)

³ Revised for a change in business segments

Tilbury has built up a good relationship with the London Organising Committee for the Olympic Games which will be utilising at least 500,000 sq.ft. of warehousing facilities within the Port from January 2011 specifically for Olympic Games traffic.

As stated earlier, business at TCS has improved during the course of 2010 and handled over 155,000 boxes in the first half of 2010 compared with 141,000 boxes in the first half of 2009.

As part of a major capital expenditure programme, TCS has recently taken delivery of two new Liebherr quay cranes and has refurbished two of its older Panamax quay cranes. The new cranes are expected to be operational by the end of the third quarter this year. This new craneage will enable greater efficiencies to be achieved in the business and will increase container capacity.

Considerable preparatory work has been done on the 65 acres of land which we acquired outside the port for future port use. Work involving master planning and traffic and environmental assessments has been completed. An application for outline planning consent has been submitted comprising about 950,000 sq.ft of accommodation, mostly warehousing, and haulier parking for some 560 vehicles. The new warehousing would represent a 20% expansion of Tilbury's existing warehouse capacity.

The application submitted to the planning authority, Thurrock Thames Gateway Development Corporation, is supported by Thurrock Borough Council ("TBC"), a critical public stakeholder and consultee. We are also in discussions with the Environment and Highways Agencies.

We remain confident that the proposals put forward will be approved enabling the land to become available for port related and value added development. This will increase capacity at Tilbury and give the port more opportunity to attract additional business.

We are close to concluding an agreement with SSE plc (formerly Scottish and Southern Energy plc) for the latter to build and operate four wind turbines on land within the port. The resultant "green power" will then be utilised by the port in its operations. We expect the turbines to be generating power by the end of 2011.

We have reached an agreement with Tilbury Green Power Limited which has received planning approval to build a 60 megawatt biomass multi-fuel facility on land within the port. The port should benefit from additional cargo volume when the facility is completed in two to three years' time.

Scottish Ports

Revenue at the Scottish Ports was broadly in line with the equivalent period in 2009 with liquid bulks tonnages improving by 6% to 3.3 million tonnes in the first half of 2010. Dry cargo was steady at 2.4 million tonnes. The marine terminals at Hound Point and Braefoot Bay saw reduced volumes, being 10.9 million tonnes at Hound Point (2009 – 13.1 million tonnes) and 1.2 million tonnes at Braefoot Bay (2009 – 1.4 million tonnes). The first half of 2010 saw no appreciable increase in the volume of construction materials. Container volumes at Grangemouth were 10% lower than in the equivalent period in 2009, which we believe is due to Scotland being later into recession and therefore later to recover.

As with Tilbury, the financial performance of the Scottish Ports has benefitted this year from the decisions taken last year on tightening the cost base.

We are pursuing a range of new business enquiries in Scotland which include:

- facilities for liquid bulks
- facilities for handling dry bulks
- inward investment enquiries for manufacturing and assembly for the renewable energy market.

Grangemouth

The total throughput at Grangemouth remained steady at 4.1 million tonnes. Liquid bulks increased by 3%. However, container volumes amounted to 64,000 boxes compared with 71,400 boxes in the equivalent period in 2009. New services by Unifeeder have been introduced which will call at Rotterdam and will link Grangemouth with the Port of Hamburg for the first time for many years.

Leith

Leith produced an excellent performance in the first half of 2010 on a volume which was significantly lower than the first half of 2009. The reduction in revenue associated with the lower volume was offset to a large extent by an improvement in the overall mix of commodities handled and also the benefit of non-tonnage related income such as North Sea oil work, cruise liner visits and increased rental income. Grain tonnages almost doubled to 79,000 tonnes whilst the throughput from Bredero Shaw was down by 170,000 tonnes in the first half of 2010 compared with 2009. This position is expected to reverse with Bredero Shaw having won one large contract and bidding for several other contracts some of which should start in the second half of this year.

Dundee

Dundee produced an excellent financial performance in the first half, based on an increase in volume of 30% which was split equally between liquid bulks and dry cargo. Salt tonnages were at their highest level for some years and fertiliser tonnages nearly doubled to reach 76,000 tonnes at the half year. The port was also very busy with North Sea oil work.

Rosyth and Fife Ports

Volumes at these ports were up by 0.2 million tonnes half year on half year with the benefit of a full half year of the DFDS Seaways service to Zeebrugge (compared with six weeks in 2009); the financial performance was much improved. DFDS has announced that it intends to run two vessels on a freight-only basis between Rosyth and Zeebrugge from the end of the year, replacing the existing single vessel passenger/freight service. This will increase the options for moving unitised traffic in and out of our ports and also the potential for “portcentric” development.

Nordic Recycling

The recycling business has made good progress in the first six months of 2010. Although revenue was marginally below the equivalent period in 2009, the profit improved. Commodity prices have improved compared with our budgeted estimates although there has been a shortage of available recyclable paper. With the benefit of the new waste collection service for its customers, the second half of the year should continue the progress seen in the first half.

The company was successful in winning a seven year contract with TBC for its recyclable waste. The total estimated annual tonnage from this contract is 17,500 tonnes.

The company is currently in advanced negotiations with two customers to export baled waste material from its base at Chatham.

Property

The revenue from property amounted to £4.3m for the half year to 30th June 2010 compared with £0.8m for the equivalent period in 2009. This reflects the acquisition of OTL in December 2009 which was previously accounted for as a joint venture. Property operating profit was £2.9m (2009 – loss of £0.1m).

The table below shows the income streams from the principal property development and investment sources, together with their associated valuation as produced by Debenham Tie Leung (“DTZ”) at 31st December 2009. The Leith port income is shown as part of the port income stream and the Ocean Terminal shopping centre valuation is shown at a valuation of £85m less gross debt of £68m.

Property Income and Valuation

	Half Year Income £m	Valuation £m
Leith	-	33.6
The Harbour	0.1	6.2
Ocean Terminal	3.4	85.0
Western Harbour	-	4.3
Granton	0.3	5.4
Other Scotland	<u>0.2</u>	<u>7.6</u>
	4.0	142.1
Property investment income	<u>0.3</u>	
	<u>4.3</u>	
Deduct : Ocean Terminal gross debt		<u>(68.0)</u>
DTZ valuation at 31 st December 2009		<u>74.1</u>

The Outline Planning Application (“OPA”) and the Masterplan for The Harbour, Leith Docks were agreed by the Planning Committee (“the Committee”) on 23rd June this year. The Committee also agreed the main terms for the Section 75 Agreement for each of The Harbour and the Leith Docks OPA.

We have been working with City of Edinburgh Council (“CEC”) to enable CEC to put forward a proposal to the Scottish Government for the public funding of infrastructure around The Harbour development. This Tax Incremental Finance (“TIF”) funding would enable CEC to use future rates income to pay off loans specifically borrowed for the purpose of funding the infrastructure. CEC has approved the proposal for TIF funding and this is expected to go to the Scottish Government for its consideration shortly.

We have secured H&M as a tenant for a 10,600 sq.ft. unit within the Ocean Terminal Shopping Centre. Conversion of the unit has already begun and fit out will commence shortly. The new unit should be open for trading in October.

At the half year, we discussed the valuation of Ocean Terminal with DTZ. Both DTZ and the Directors are of the view that there has been no material change in the value of the shopping centre as at 30th June 2010. As a result, the valuation remains at £85m.

We have also had discussions with DTZ on their view of the property market generally. As a result of those discussions the Directors have concluded that there has been no material change to the valuation of the investment properties as at 30th June 2010.

DTZ will carry out an independent valuation and an examination of future worth of the property development assets as at 31st December 2010.

Energy

Our strategic joint venture with SSE plc has made progress in relation to both the onshore wind and biomass proposals. The first two of four biomass applications to the Scottish Government Consenting Unit have been submitted and are currently being processed. The joint venture is targeting submission of the other two biomass applications before the end of the year.

Finance

Forth Ports acquired the remaining shares in OTL in December 2009 after which it became a wholly owned subsidiary. We reviewed OTL's tax position which included assessing its likely future performance and tax loss utilisation levels; this resulted in our decision to recognise a deferred tax asset of £7.7m in relation to the historical tax losses. This increased the gain arising from the acquisition from a previously reported £7.6m to £15.3m (see Note 17) which incorporates the additional £7.7m and increased the net assets of the Group.

Cashflow generated from operations amounted to £28.3m (2009 - £25.1m). Capital expenditure in the first half of 2010 amounted to £2.4m compared with £4.3m in 2009. Property infrastructure spend in the same period was £0.3m compared with £0.7m in the first half of 2009.

The estimated effective rate of corporation tax for 2010 is 29.4% (excluding exceptional items). The exceptional costs of £1.1m in relation to the approach by the Consortium are not tax deductible. The above rate, which has been applied to the interim results, does not take account of the deferred tax credit which will be available in the full year's results to 31st December 2010, as the reduction in the UK corporate income tax rate to 27% was only enacted on 27th July 2010.

The actuarial deficit in the pension scheme at the half year under IAS 19 (Employee Benefits) amounted to £39.7m compared with £31.3m at 31st December 2009 and £29.1m at 30th June 2009. Since 31st December 2009, the discount rate has reduced to 5.3% compared with 5.7% at 31st December 2009 although this has been mitigated by a fall in the assumed level of price inflation from 3.55% to 3.2% at 30th June 2010.

At the end of June 2010, the Group's net debt amounted to £244.4m compared with £251.1m at 31st December 2009. Gearing, as measured by total net debt (excluding non-recourse debt of £60.5m) divided by total shareholders' equity, amounted to 80% (31st December 2009 – 80%⁴).

Prospects

The Group achieved a good performance in the first half of the year and current trading continues to be encouraging.

In the property business, we will continue to work with CEC and the Scottish Government to conclude matters on the TIF financing. In energy, we will submit the remaining two biomass applications to the Scottish Government for their review.

Forth Ports has continued to benefit from the breadth and mix of its business base and from the associated secure revenue streams attached to it. The ports' project pipeline is strengthening and there are greater opportunities to acquire or manage other port businesses. We remain confident that Forth Ports should have a successful year.

David Richardson
CHAIRMAN

Charles Hammond
GROUP CHIEF EXECUTIVE

25th August 2010

⁴ Revised for measurement period adjustment (Note 17)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Before exceptional items and revaluations £m	Exceptional items and revaluations £m	Unaudited six months to 30.6.10 Total £m	Before exceptional items and revaluations £m	Exceptional items and revaluations £m	Unaudited six months to 30.6.09 Total £m	Audited year to 31.12.09 Total* £m
Group revenue	5	89.6	-	89.6	86.6	-	86.6	173.9
Cost of sales	9	(54.4)	0.4	(54.0)	(55.3)	-	(55.3)	(107.2)
Gross profit		35.2	0.4	35.6	31.3	-	31.3	66.7
Administrative expenses	9	(11.9)	(1.1)	(13.0)	(12.3)	-	(12.3)	(37.8)
Other income	9	-	-	-	-	-	-	10.4
Group operating profit/(loss)	5	23.3	(0.7)	22.6	19.0	-	19.0	39.3
Finance income	5,6	0.1	-	0.1	0.5	-	0.5	0.9
Finance costs	5,6	(7.3)	-	(7.3)	(5.8)	-	(5.8)	(10.5)
Acquisition accounting adjustment	9,17	-	-	-	-	-	-	15.3
Share of post-tax results of joint ventures	5,7,9	-	-	-	0.6	(2.4)	(1.8)	(1.7)
Share of post-tax results of associate	5,8	0.6	-	0.6	0.5	-	0.5	0.7
Profit/(loss) before tax		16.7	(0.7)	16.0	14.8	(2.4)	12.4	44.0
Taxation	9,10	(4.8)	(0.1)	(4.9)	(3.9)	-	(3.9)	(9.9)
Profit/(loss) for the period		11.9	(0.8)	11.1	10.9	(2.4)	8.5	34.1
Loss attributable to non-controlling interest		(0.1)	-	(0.1)	(0.0)	-	(0.0)	(0.1)
Profit/(loss) attributable to equity shareholders		12.0	(0.8)	11.2	10.9	(2.4)	8.5	34.2
		11.9	(0.8)	11.1	10.9	(2.4)	8.5	34.1
Earnings per share								
Basic earnings per share	11			24.5p			18.7p	75.1p
Diluted earnings per share	11			24.2p			18.5p	74.4p

Details of dividends are shown in Note 15.

All results relate to continuing activities.

* Revised for measurement period adjustment (Note 17).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months to 30.6.10 £m	Unaudited six months to 30.6.09 £m	Audited year to 31.12.09* £m
Profit for the period	11.1	8.5	34.1
Share of joint venture's movement on cash flow hedge	-	1.0	0.4
Share of associate's movement on cash flow hedge	0.0	0.0	0.0
Corporation tax on excess pension contributions	0.0	0.2	1.3
Deferred tax on excess pension contributions	(0.0)	(0.2)	(1.3)
Actuarial loss in defined benefit pension scheme	(8.6)	(24.7)	(30.7)
Deferred tax on actuarial loss	2.4	6.9	8.6
Interest rate hedge	(4.6)	(1.3)	(4.7)
Revaluation of investment property transferred from operational land and buildings	1.0	2.4	9.6
Deferred tax on revaluation	(0.2)	(0.6)	(2.1)
Share of associate's actuarial (loss)/gain in defined benefit pension scheme	(0.4)	0.0	(2.6)
Deferred tax on associate's actuarial (loss)/gain	0.1	(0.0)	0.7
Expense recognised directly in equity	(10.3)	(16.3)	(20.8)
Total comprehensive income/(expense) for the period	0.8	(7.8)	13.3
Attributable to:			
Non-controlling interest	(0.1)	(0.0)	(0.1)
Equity shareholders	0.9	(7.8)	13.4
	0.8	(7.8)	13.3

* Revised for measurement period adjustment (Note 17).

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited as at 30.6.10 £m	Audited as at 31.12.09* £m
ASSETS			
Non-current assets			
Property, plant and equipment	12	207.1	211.4
Investment property	12	309.2	308.2
Intangible assets	12	26.0	26.6
Investment in associate		8.7	8.4
Deferred tax assets		11.1	8.7
		562.1	563.3
Current assets			
Inventories		29.6	28.5
Trade and other receivables		38.7	33.4
Cash and cash equivalents	14	11.2	6.3
		79.5	68.2
LIABILITIES			
Current liabilities			
Trade and other payables		(31.2)	(26.4)
Current tax liabilities		(4.2)	(4.0)
Derivative financial instruments		(7.6)	(7.2)
Borrowings	14	(0.0)	(0.0)
Provisions		(0.2)	(0.3)
		(43.2)	(37.9)
Net current assets		36.3	30.3
Non-current liabilities			
Borrowings	14	(255.6)	(257.4)
Deferred tax liabilities		(63.6)	(62.9)
Retirement benefit obligations	18	(39.7)	(31.3)
Derivative financial instruments		(10.2)	(5.4)
Provisions		(0.4)	(0.4)
		(369.5)	(357.4)
Total assets less total liabilities		228.9	236.2
SHAREHOLDERS' EQUITY			
Share capital		22.9	22.8
Share premium		19.6	19.2
Own shares held		(3.9)	(4.0)
Fair value and other reserves		4.6	9.2
Retained earnings		185.6	188.8
Total shareholders' equity		228.8	236.0
Non-controlling interest in equity		0.1	0.2
Total equity		228.9	236.2

* Revised for measurement period adjustment (Note 17).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Non-	Total
						controlling	equity
	Share capital £m	Share premium £m	Own shares held £m	Fair value and other reserves £m	Retained earnings £m	£m	£m
Balance at 1st January 2009	22.8	19.2	(4.9)	13.5	179.3	0.3	230.2
Share of joint venture's movement on cash flow hedge	-	-	-	1.0	-	-	1.0
Share of associate's movement on cash flow hedge	-	-	-	0.0	-	-	0.0
Interest rate hedge	-	-	-	(1.3)	-	-	(1.3)
Revaluation of investment property transferred from operational land and buildings	-	-	-	-	2.4	-	2.4
Deferred tax on revaluation	-	-	-	-	(0.6)	-	(0.6)
Corporation tax on excess pension contributions	-	-	-	-	0.2	-	0.2
Deferred tax on excess pension contributions	-	-	-	-	(0.2)	-	(0.2)
Actuarial loss on defined benefit pension scheme	-	-	-	-	(24.7)	-	(24.7)
Deferred tax on actuarial loss	-	-	-	-	6.9	-	6.9
Share of associate's actuarial gain on defined benefit pension scheme	-	-	-	-	0.0	-	0.0
Deferred tax on associate's actuarial gain	-	-	-	-	(0.0)	-	(0.0)
Net expense recognised directly in equity	-	-	-	(0.3)	(16.0)	-	(16.3)
Profit/(loss) for the period	-	-	-	-	8.5	(0.0)	8.5
Total comprehensive expense for the period	-	-	-	(0.3)	(7.5)	(0.0)	(7.8)
LTIP shares - value of services provided	-	-	-	-	0.5	-	0.5
SAYE scheme - value of services provided	-	-	-	-	0.1	-	0.1
Consideration paid for own shares held	-	-	(0.0)	-	-	-	(0.0)
Dividends (less dividends received by ESOP)	-	-	-	-	(5.4)	-	(5.4)
Balance at 30th June 2009	22.8	19.2	(4.9)	13.2	167.0	0.3	217.6
Share of joint venture's movement on cash flow hedge	-	-	-	(0.6)	-	-	(0.6)
Share of associate's movement on cash flow hedge	-	-	-	0.0	-	-	0.0
Interest rate hedge	-	-	-	(3.4)	-	-	(3.4)
Revaluation of investment property transferred from operational land and buildings	-	-	-	-	7.2	-	7.2
Deferred tax on revaluation	-	-	-	-	(1.5)	-	(1.5)
Corporation tax on excess pension contributions	-	-	-	-	1.1	-	1.1
Deferred tax on excess pension contributions	-	-	-	-	(1.1)	-	(1.1)
Actuarial loss on defined benefit pension scheme	-	-	-	-	(6.0)	-	(6.0)
Deferred tax on actuarial loss	-	-	-	-	1.7	-	1.7
Share of associate's actuarial loss on defined benefit pension scheme	-	-	-	-	(2.6)	-	(2.6)
Deferred tax on associate's actuarial loss	-	-	-	-	0.7	-	0.7
Net expense recognised directly in equity	-	-	-	(4.0)	(0.5)	-	(4.5)
Profit/(loss) for the period as revised (Note 17)	-	-	-	-	25.7	(0.1)	25.6
Total comprehensive (expense)/income for the period	-	-	-	(4.0)	25.2	(0.1)	21.1
LTIP shares - value of services provided	-	-	-	-	1.0	-	1.0
SAYE scheme - value of services provided	-	-	-	-	0.0	-	0.0
Consideration received for own shares held	-	-	0.9	-	-	-	0.9
Dividends (less dividends received by ESOP)	-	-	-	-	(4.4)	-	(4.4)
Balance at 31st December 2009 as revised (Note 17)	22.8	19.2	(4.0)	9.2	188.8	0.2	236.2
Share of associate's movement on cash flow hedge	-	-	-	0.0	-	-	0.0
Interest rate hedge	-	-	-	(4.6)	-	-	(4.6)
Revaluation of investment property transferred from operational land and buildings	-	-	-	-	1.0	-	1.0
Deferred tax on revaluation	-	-	-	-	(0.2)	-	(0.2)
Corporation tax on excess pension contributions	-	-	-	-	0.0	-	0.0
Deferred tax on excess pension contributions	-	-	-	-	(0.0)	-	(0.0)
Actuarial loss on defined benefit pension scheme	-	-	-	-	(8.6)	-	(8.6)
Deferred tax on actuarial loss	-	-	-	-	2.4	-	2.4
Share of associate's actuarial loss on defined benefit pension scheme	-	-	-	-	(0.4)	-	(0.4)
Deferred tax on associate's actuarial loss	-	-	-	-	0.1	-	0.1
Net expense recognised directly in equity	-	-	-	(4.6)	(5.7)	-	(10.3)
Profit/(loss) for the period	-	-	-	-	11.2	(0.1)	11.1
Total comprehensive (expense)/income for the period	-	-	-	(4.6)	5.5	(0.1)	0.8
LTIP shares - value of services provided	-	-	-	-	0.4	-	0.4
SAYE scheme - value of services provided	-	-	-	-	(0.4)	-	(0.4)
New shares issued for SAYE scheme	-	0.4	-	-	-	-	0.4
New shares issued for LTIP scheme	0.1	-	-	-	-	-	0.1
Consideration received for own shares held	-	-	0.1	-	-	-	0.1
Dividends (less dividends received by ESOP)	-	-	-	-	(8.7)	-	(8.7)
Balance at 30th June 2010	22.9	19.6	(3.9)	4.6	185.6	0.1	228.9

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Unaudited six months to 30.6.10 £m	Unaudited six months to 30.6.09 £m	Audited year to 31.12.09 £m
Cash flows from operating activities				
Cash generated from operations	13	28.3	25.1	55.7
Interest paid		(6.8)	(4.6)	(9.1)
Interest received		0.1	0.1	0.2
Tax (paid)/repaid		(4.2)	5.0	0.8
Net cash generated from operating activities		17.4	25.6	47.6
Cash flows from investing activities				
Purchase of property, plant and equipment, intangibles and investment property		(2.4)	(4.3)	(7.6)
Loan to joint venture company		-	(5.0)	(5.0)
Acquisition of subsidiary		-	-	(2.0)
Cash acquired with subsidiary		-	-	0.8
Sale of property, plant and equipment and investment property		0.0	0.0	0.0
Net cash used in investing activities		(2.4)	(9.3)	(13.8)
Net cash inflow before financing activities		15.0	16.3	33.8
Cash flows from financing activities				
New loans advanced		-	50.0	50.0
Arrangement fees for new loans		-	(0.2)	(0.2)
Loan repayments		(2.0)	(59.0)	(73.0)
Capital element of finance leases		(0.0)	(0.0)	(0.1)
Equity dividends paid	15	(8.7)	(5.4)	(9.8)
Issue of ordinary shares		0.5	-	-
Proceeds from sale of own shares held		0.1	0.0	0.9
Net cash used in financing activities		(10.1)	(14.6)	(32.2)
Increase in cash and cash equivalents	13	4.9	1.7	1.6
Cash and cash equivalents at start of period		6.3	4.7	4.7
Cash and cash equivalents at end of period	14	11.2	6.4	6.3

NOTES:

1. General information

Forth Ports PLC is a company incorporated in Scotland under the Companies Act 1985. The nature of the Group's operations and its principal activities are the provision of port, cargo handling, towage and related services and facilities. The Group also has a recycling business and extensive property interests.

The condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 25th August 2010.

The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2009 were approved by the Board of Directors on 22nd March 2010 and delivered to the Registrar of Companies. The report of the Auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. The condensed consolidated interim financial statements have been reviewed, not audited.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30th June 2010 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 (Interim Financial Reporting) as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December 2009 which have been prepared in accordance with IFRSs as adopted by the European Union.

The annual financial statements for the year ended 31st December 2009 have been revised in accordance with IFRS 3 (revised), as early adopted by the Group, in relation to the accounting for the Group's acquisition of the remaining 50% share capital of OTL on 17th December 2009. This adjustment is in relation to a change in view of the recognition of historical losses within OTL, with a related deferred tax asset balance recognised at date of acquisition (see Note 17 for further information).

The Directors have made an assessment of the going concern basis of preparation of the Group financial statements at 30th June 2010 and have concluded that this basis is appropriate.

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2009.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1st January 2010, but have no material impact on the results of the Group:

- IFRIC 17 (Distributions of Non-Cash Assets to Owners), effective for annual periods beginning on or after 1st July 2009. This is not currently applicable to the Group as it has not made any non-cash distributions.
- IFRIC 18 (Transfers of Assets from Customers), effective for transfer of assets received on or after 1st July 2009. This is not relevant to the Group, as it has not received any assets from customers.
- Additional exemptions for first-time adopters (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1st January 2010. This is not relevant to the Group as it is an existing IFRS preparer.
- Improvements to International Financial Reporting Standards 2009 and 2010 were issued in April 2009 and May 2010 respectively. The effective dates vary standard by standard but most are effective 1st January 2010.

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1st January 2010 and have not been early adopted:

- IFRS 9 (Financial Instruments), issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1st January 2013 but is available for early adoption. The Group is yet to assess IFRS 9's full impact and has not yet decided when to adopt IFRS 9.
- Revised IAS 24 (Related Party Disclosures), issued in November 2009. It supersedes IAS 24 (Related Party Disclosures) issued in 2003. The revised IAS 24 is required to be applied from 1st January 2011. Earlier application, in whole or in part, is permitted.
- Classification of Rights Issues (Amendment to IAS 32), issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that, if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1st February 2010. Earlier application is permitted.
- Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, "IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction". Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1st January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments). This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1st July 2010. Earlier application is permitted.

4. Risk

The principal risks and uncertainties which affect the Group have not changed since 31st December 2009. A detailed explanation of these risks and uncertainties can be found in the Business Review section of the Annual Report and Accounts for the year ended 31st December 2009. The Directors consider that this properly reflects the risks and uncertainties in respect of the second six months of 2010.

5. Segment information

The chief operating decision-maker has been identified as the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board assesses the performance of the operating segments based on a measure of operating profit before interest and tax.

For management purposes, the Group is organised into three business segments:

- (1) Port operations;
- (2) Recycling; and
- (3) Property.

The segment results for the period ended 30th June 2010 were as follows:-

	Port Operations £m	Recycling £m	Property £m	Unaudited six months to 30.6.10 £m
Total revenue*	<u>76.7</u>	<u>8.6</u>	<u>4.3</u>	<u>89.6</u>
Underlying** operating profit before exceptional items	<u>19.7</u>	<u>0.7</u>	<u>2.9</u>	<u>23.3</u>
Exceptional items				
Write back of asset impairment	0.4	-	-	0.4
Rule 2.4 costs in respect of approach from the Consortium	<u>(1.1)</u>	<u>-</u>	<u>-</u>	<u>(1.1)</u>
	<u>(0.7)</u>	<u>-</u>	<u>-</u>	<u>(0.7)</u>
Operating profit/segment result	19.0	0.7	2.9	22.6
Finance income (Note 6)	0.1	0.0	0.0	0.1
Finance costs (Note 6)	(2.8)	(0.8)	(3.7)	(7.3)
Net share of results of associate (Note 8)	<u>0.6</u>	<u>-</u>	<u>-</u>	<u>0.6</u>
Profit/(loss) before tax	<u>16.9</u>	<u>(0.1)</u>	<u>(0.8)</u>	16.0
Taxation - normal				(4.8)
- exceptional				<u>(0.1)</u>
Profit for the period				<u>11.1</u>

* Total revenue and underlying operating profit are shown net of Port inter-segment trading of £0.6m with Recycling and £0.1m with Property.

** Underlying is defined in Note 20.

The segment results for the period ended 30th June 2009 were as follows:-

	Port Operations *** £m	Recycling £m	Property £m	Unaudited six months to 30.6.09 £m
Total revenue*	<u>77.1</u>	<u>8.7</u>	<u>0.8</u>	<u>86.6</u>
Underlying** operating profit/(loss)/segment result	18.5	0.6	(0.1)	19.0
Finance income (Note 6)	0.1	0.0	0.4	0.5
Finance costs (Note 6)	(2.8)	(0.9)	(2.1)	(5.8)
Net share of results of joint ventures (Note 7)	-	-	(1.8)	(1.8)
Net share of results of associate (Note 8)	<u>0.5</u>	<u>-</u>	<u>-</u>	<u>0.5</u>
Profit/(loss) before tax	<u>16.3</u>	<u>(0.3)</u>	<u>(3.6)</u>	12.4
Taxation - normal				<u>(3.9)</u>
Profit for the period				<u>8.5</u>

* Total revenue and underlying operating profit are shown net of Port inter-segment trading of £0.3m with Recycling and £0.0m with Property.

** Underlying is defined in Note 20.

*** Port operations adjusted to show Recycling as a business segment.

The segment results for the year ended 31st December 2009 were as follows:-

	Port Operations £m	Recycling £m	Property *** £m	Audited Year to 31.12.09 *** £m
Total revenue*	<u>154.8</u>	<u>17.6</u>	<u>1.5</u>	<u>173.9</u>
Underlying** operating profit/(loss) before exceptional items and revaluations	40.5	1.3	(0.6)	41.2
Exceptional items and revaluations				
Charge for impairment of goodwill	-	(12.3)	-	(12.3)
Change in fair value of investment properties	<u>10.5</u>	<u>-</u>	<u>(0.1)</u>	<u>10.4</u>
	<u>10.5</u>	<u>(12.3)</u>	<u>(0.1)</u>	<u>(1.9)</u>
Operating profit/(loss)/segment result	51.0	(11.0)	(0.7)	39.3
Finance income (Note 6)	0.3	0.0	0.6	0.9
Finance costs (Note 6)	(5.4)	(1.6)	(3.5)	(10.5)
Acquisition accounting adjustment	-	-	15.3	15.3
Net share of results of joint ventures (Note 7)	-	-	(1.7)	(1.7)
Net share of results of associate (Note 8)	<u>0.7</u>	<u>-</u>	<u>-</u>	<u>0.7</u>
Profit/(loss) before tax	<u>46.6</u>	<u>(12.6)</u>	<u>10.0</u>	44.0
Taxation - normal				<u>(7.7)</u>
- exceptional				<u>(2.2)</u>
Profit for the year				<u>34.1</u>

* Total revenue and underlying operating profit are shown net of Port inter-segment trading of £1.3m with Recycling and £0.4m with Property.

** Underlying is defined in Note 20.

*** Revised for measurement period adjustment (Note 17).

Inter-segment transfers and transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Other segment items included in the Condensed Consolidated Income Statement are as follows:-

	Port Operations £m	Recycling £m	Property £m	Unaudited six months to 30.6.10 £m
Depreciation of property, plant and equipment	(7.0)	(0.3)	(0.0)	(7.3)
Amortisation of intangibles	(0.3)	(0.3)	-	(0.6)
Amortisation of capital grants	0.4	-	-	0.4

	Port Operations * £m	Recycling £m	Property £m	Unaudited six months to 30.6.09 £m
Depreciation of property, plant and equipment	(6.9)	(0.2)	(0.0)	(7.1)
Amortisation of intangibles	(0.4)	(0.3)	-	(0.7)
Amortisation of capital grants	0.4	-	-	0.4

Other segment items for the year to 31st December 2009 are as disclosed in the full financial statements.

* Port operations adjusted to show Recycling as a business segment.

The segment assets and liabilities were as follows:-

	Port Operations £m	Recycling £m	Property £m	Unaudited six months to 30.6.10 £m
Assets				
Segment assets	445.2	55.9	120.7	621.8
Deferred tax assets	11.1	-	-	11.1
Associate	<u>8.7</u>	<u>-</u>	<u>-</u>	<u>8.7</u>
Total assets	<u>465.0</u>	<u>55.9</u>	<u>120.7</u>	<u>641.6</u>
Liabilities				
Segment liabilities	145.5	69.6	129.8	344.9
Current tax liabilities	4.0	0.2	-	4.2
Deferred tax liabilities	<u>70.0</u>	<u>0.4</u>	<u>(6.8)</u>	<u>63.6</u>
Total liabilities	<u>219.5</u>	<u>70.2</u>	<u>123.0</u>	<u>412.7</u>

	Port Operations * £m	Recycling £m	Property £m	Unaudited six months to 30.6.09 £m
Assets				
Segment assets	429.9	68.6	36.0	534.5
Deferred tax assets	8.1	-	-	8.1
Associate	<u>10.1</u>	<u>-</u>	<u>-</u>	<u>10.1</u>
Total assets	<u>448.1</u>	<u>68.6</u>	<u>36.0</u>	<u>552.7</u>
Liabilities				
Segment liabilities	144.8	69.4	48.4	262.6
Current tax liabilities	4.7	-	-	4.7
Deferred tax liabilities	<u>67.1</u>	<u>0.4</u>	<u>0.3</u>	<u>67.8</u>
Total liabilities	<u>216.6</u>	<u>69.8</u>	<u>48.7</u>	<u>335.1</u>

* Port operations adjusted to show Recycling as a business segment.

	Port Operations £m	Recycling £m	Property * £m	Audited year to 31.12.09 * £m
Assets				
Segment assets	439.9	55.1	119.4	614.4
Deferred tax assets	8.7	-	-	8.7
Associate	<u>8.4</u>	<u>-</u>	<u>-</u>	<u>8.4</u>
Total assets	<u>457.0</u>	<u>55.1</u>	<u>119.4</u>	<u>631.5</u>
Liabilities				
Segment liabilities	135.4	68.9	124.1	328.4
Current tax liabilities	3.8	0.2	0.0	4.0
Deferred tax liabilities	<u>70.1</u>	<u>0.3</u>	<u>(7.5)</u>	<u>62.9</u>
Total liabilities	<u>209.3</u>	<u>69.4</u>	<u>116.6</u>	<u>395.3</u>

* Revised for measurement period adjustment (Note 17).

The Group operates solely in the UK.

6. Finance costs - net

Finance income and costs analysed by business segment are as follows:

	Unaudited six months to 30.6.10 £m	Unaudited six months to 30.6.09* £m	Audited year to 31.12.09 £m
Finance income			
Port operations			
- on bank and other deposits	0.0	0.0	0.1
- interest on overpaid corporation tax	0.1	0.1	0.2
Recycling			
- on bank and other deposits	0.0	0.0	0.0
Property			
- on bank and other deposits	0.0	0.0	0.0
- unwinding of discount on zero coupon loan stock at amortised cost	-	0.4	0.6
Total finance income	0.1	0.5	0.9
Finance costs			
Port operations			
- on bank loans	(2.6)	(2.6)	(5.1)
- on other loans	(0.0)	(0.0)	(0.0)
- on finance leases and hire purchase contracts	(0.0)	(0.0)	(0.0)
- amortisation of loan arrangement fees	(0.2)	(0.2)	(0.3)
- interest on underpaid corporation tax	(0.0)	-	(0.0)
Recycling			
- on bank loans	(0.8)	(0.9)	(1.6)
Property			
- write down of zero coupon loan stock to amortised cost	-	(1.1)	(1.1)
- on bank loans	(3.7)	(1.0)	(2.4)
Total finance costs	(7.3)	(5.8)	(10.5)
Net finance costs			
Port operations	(2.7)	(2.7)	(5.1)
Recycling	(0.8)	(0.9)	(1.6)
Property	(3.7)	(1.7)	(2.9)
	(7.2)	(5.3)	(9.6)

* Port operations adjusted to show Recycling as a business segment.

7. Share of post-tax results of joint ventures

	Unaudited six months to 30.6.10 £m	Unaudited six months to 30.6.09 £m	Audited year to 31.12.09 £m
Property			
Operating profit	-	1.2	2.9
Revaluation	-	(2.4)	(2.6)
Finance costs	-	(0.6)	(2.0)
Taxation	-	-	-
Group's share of post-tax results	-	(1.8)	(1.7)

8. Share of post-tax results of associate

	Unaudited six months to 30.6.10 £m	Unaudited six months to 30.6.09 £m	Audited year to 31.12.09 £m
Port operations			
Operating profit	1.0	0.8	1.3
Finance costs	(0.1)	(0.1)	(0.3)
Taxation	(0.3)	(0.2)	(0.3)
Group's share of post-tax results	0.6	0.5	0.7

9. Exceptional items and revaluations

Exceptional items and revaluations have been disclosed separately because of their quantum or incidence so as to give a clearer understanding of the Group's financial performance and are charged/(credited) to the Income Statement as follows:-

	Unaudited six months to 30.6.10 £m	Unaudited six months to 30.6.09 £m	Audited year to 31.12.09 £m
<u>Cost of sales</u>			
Write-back of operational property asset impairment	<u>(0.4)</u>	=	=
<u>Administrative expenses</u>			
Rule 2.4 costs in respect of approach from the Consortium	1.1	-	-
Charge for impairment of goodwill	-	-	<u>12.3</u>
	<u>1.1</u>	=	<u>12.3</u>
<u>Other income</u>			
Change in fair value of investment properties	=	=	<u>(10.4)</u>
Acquisition accounting adjustment *	=	=	<u>(15.3)</u>
<u>Share of results of joint ventures</u>			
Group's share of change in fair value of investment property (Note 7)	=	<u>2.4</u>	<u>2.6</u>
<u>Taxation</u>			
Deferred taxation:			
Tax effect of write-back of operational property asset impairment	0.1	-	-
Tax effect of change in fair value of investment property	-	-	<u>2.2</u>
Total taxation	<u>0.1</u>	=	<u>2.2</u>

* Revised for measurement period adjustment (Note 17).

10. Taxation

The taxation charge for the six months to 30th June 2010 has been provided on the basis of the estimated effective tax rate (excluding exceptional items) for the year to 31st December 2010 being 29.4% (2009 – 28.6%). In the 2010 budget on 22nd June 2010, the UK Government announced its intention to reduce the UK corporate income tax rate from 28% to 24% by 1% per annum over a four-year period. At 30th June 2010, no change in the rate of tax was substantively enacted in law, but a 1% decrease in the rate to 27% was substantively enacted on 20th July 2010.

Had this change of rate to 27% been substantively enacted as of the balance sheet date, the estimated impact on the balance sheet would be a reduction in the deferred tax asset of £0.4m, from £11.1m to £10.7m, and a reduction in deferred tax liabilities of £2.3m, from £63.6m to £61.3m. The £1.9m net decrease in the deferred tax asset and deferred tax liability would increase profit for the period by £1.9m.

The proposed reductions in the main rate of corporation tax by 1% per year to 24% are expected to be enacted separately each year. The overall effect of the further changes from 27% to 24%, if applied to the deferred tax balances at 30th June 2010, would be to reduce the deferred tax asset by approximately £1.2m (being £0.4m recognised in each of the years 2011, 2012 and 2013), and to reduce the deferred tax liability by £6.9m (being £2.3m recognised in each of the years 2011, 2012 and 2013).

11. Earnings per share

The basic earnings per share calculation is based on the weighted average of Ordinary Shares in issue in the six months ended 30th June 2010 of 45.7 million (2009 – 45.5 million). The diluted earnings per share figure is based on the weighted average of Ordinary Shares in issue adjusted for potential dilutive Ordinary Shares in the six months ended 30th June 2010 of 46.2 million (2009 – 45.9 million). Underlying earnings are defined in Note 20. Underlying earnings per share divides underlying earnings attributable to shareholders by the weighted average number of shares in issue during the period as per the calculation for basic earnings per share.

12. Movements in property, plant and equipment, investment property and intangible assets

	Property, plant and equipment £m	Investment property £m	Intangible assets £m
Six months ended 30th June 2009			
Opening net book amount at 1st January 2009	219.3	205.7	40.3
Additions	2.4	-	0.0
Transfers between asset categories	(0.5)	0.5	-
Depreciation and amortisation (net of grant amortisation)	(6.7)	-	(0.7)
Disposals	(0.0)	(0.0)	-
Increase in fair value – to reserves	<u>-</u>	<u>2.4</u>	<u>-</u>
Closing net book amount at 30th June 2009	<u>214.5</u>	<u>208.6</u>	<u>39.6</u>
Year ended 31st December 2009			
Opening net book amount at 1st January 2009	219.3	205.7	40.3
Acquired on purchase of subsidiary	0.0	82.5	-
Additions	5.5	0.0	0.0
Transfers between asset categories	0.0	(0.0)	-
Depreciation and amortisation (net of grant amortisation)	(13.4)	-	(1.4)
Impairment	-	-	(12.3)
Disposals	(0.0)	-	-
Increase in fair value – to Income Statement	-	10.4	-
– to reserves	<u>-</u>	<u>9.6</u>	<u>-</u>
Closing net book amount at 31st December 2009	<u>211.4</u>	<u>308.2</u>	<u>26.6</u>
Six months ended 30th June 2010			
Opening net book amount at 1st January 2010	211.4	308.2	26.6
Additions	2.2	-	0.0
Write-back of property impairment	0.4	-	-
Transfers between asset categories	(0.0)	0.0	-
Depreciation and amortisation (net of grant amortisation)	(6.9)	-	(0.6)
Disposals	(0.0)	-	-
Increase in fair value – to reserves	<u>-</u>	<u>1.0</u>	<u>-</u>
Closing net book amount at 30th June 2010	<u>207.1</u>	<u>309.2</u>	<u>26.0</u>

The term “Investment property” above includes port tenanted properties and property investment properties.

13. Reconciliation of profit before tax to cash generated from operations

	Unaudited six months to 30.6.10 £m	Unaudited six months to 30.6.09 £m	Audited year to 31.12.09* £m
Profit before tax	16.0	12.4	44.0
Adjustments for:			
- decrease in fair value of investment properties	-	-	(10.4)
- net finance costs	7.2	5.3	9.6
- impairment of goodwill	-	-	12.3
- share of results of joint ventures	-	1.8	1.7
- share of results of associates	(0.6)	(0.5)	(0.7)
- depreciation of property, plant and equipment and amortisation of intangibles	7.5	7.4	14.8
- reversal of impairment on operational property asset	(0.4)	-	-
- release of unrealised profit elimination	-	-	(4.5)
- share of acquired company's profit elimination	-	-	(0.1)
- negative goodwill on acquisition	-	-	(10.7)
- gain on sale of property, plant and equipment	(0.0)	(0.0)	(0.0)
- non-cash element of finance costs	(0.5)	-	-
- decrease in provisions	(0.1)	(0.1)	(0.0)
- decrease in retirement benefit obligations	(0.2)	(0.5)	(4.5)
- transfer to property, plant and equipment from inventories	-	-	(0.0)
- share based payment	0.5	0.6	1.6
Movement in working capital:			
Increase in inventories	(1.1)	(0.9)	(1.1)
(Increase)/decrease in receivables	(5.3)	(1.3)	6.1
Increase/(decrease) in payables	5.3	0.9	(2.4)
Cash generated from operations	28.3	25.1	55.7

* Revised for measurement period adjustment (Note 17).

Reconciliation of increase in cash and cash equivalents to movement in net debt

Increase in cash and cash equivalents	4.9	1.7	1.6
Cash outflow from movement in borrowings	2.0	9.2	23.3
Change in net debt resulting from cash flows	6.9	10.9	24.9
Borrowings acquired on purchase of subsidiary	-	-	(67.7)
Amortisation of loan arrangement fees	(0.2)	(0.2)	(0.3)
Movement in net debt	6.7	10.7	(43.1)
Opening net debt	(251.1)	(208.0)	(208.0)
Closing net debt	(244.4)	(197.3)	(251.1)

14. Analysis of changes in net debt

	At 1.1.10 £m	Cash flow £m	Other movement £m	At 30.6.10 £m
Cash at bank and on deposit	6.3	4.9	-	11.2
Debt due outwith one year	(257.4)	2.0	(0.2)	(255.6)
Borrowings - finance leases	(0.0)	0.0	-	(0.0)
Total net debt	(251.1)	6.9	(0.2)	(244.4)

The other movement relates to the amortisation of arrangement fees for bank facilities.

15. Dividends per share

	Unaudited six months to 30.6.10 pence	Unaudited six months to 30.6.09 pence	Audited year to 31.12.09 pence
Dividends per share			
Final dividend 2008	-	12.0	12.0
Final dividend 2009	19.1	-	-
Interim dividend 2009	-	-	9.5
	19.1	12.0	21.5
	£m	£m	£m
Total paid in respect of dividends (less dividends received by employee share option plan trust)			
Final dividend 2008	-	5.4	5.5
Final dividend 2009	8.7	-	-
Interim dividend 2009	-	-	4.3
	8.7	5.4	9.8

A dividend of 10p per share totalling £4.6m is proposed as the interim dividend for 2010. This has not been provided for in the condensed consolidated interim financial statements.

16. Related party transactions

During the six month period ended 30th June 2010, the Group entered into material transactions with related parties as follows:

Nature of Transactions and Related Party	Nature of Relationship	Value of Transactions 2010 £m	Value of Transactions 2009 £m	Amount Receivable at 30.6.10 £m	Amount Receivable at 30.6.09 £m
Management charges, port and other charges		1.3	1.8	0.2	0.5
Tilbury Container Services Limited	Associated company				

The Group has taken advantage of the exemption from disclosing intra-Group transactions as permitted by IAS 24 (Related Party Disclosures).

17. Acquisition of remaining share capital in Ocean Terminal with measurement period adjustment

On 17th December 2009, the Group acquired the remaining 50% of the issued share capital of OTL that it did not already own, thereby obtaining control of OTL. OTL is a property investment company which operates the Ocean Terminal Shopping Centre in Leith.

In accordance with IFRS 3 (revised), as early adopted by the Group for the year ended 31st December 2009, the acquirer has a period of time (no longer than 12 months), referred to as “the measurement period”, to finalise the accounting for such a business combination. In such circumstances, comparative prior period information included in subsequent financial statements should be revised to include the effect of the identified adjustment.

The total “acquisition accounting adjustment” gain taken to the Consolidated Income Statement for the year ended 31st December 2009 as a result of the acquisition was previously reported as £7.6m, comprising a fair value uplift in the previous joint venture holding of £4.6m, and a further £3.0m of negative goodwill arising on acquisition.

The negative goodwill arising on the acquisition arose as a result of there being an excess of net assets acquired over the consideration paid. Following review of the existing tax structure, likely future performance and tax loss utilisation levels, it is considered appropriate to recognise a deferred tax asset of £7.7m in relation to historical tax losses within OTL that existed at date of acquisition.

The revised negative goodwill arising on acquisition is shown below. The negative goodwill is not taxable.

Recognised amounts of identifiable assets acquired and liabilities assumed

	As Previously Reported £m	Measurement Period Adjustment £m	As Revised £m
Property, plant and equipment	0.0	-	0.0
Investment property	82.5	-	82.5
Deferred tax asset	-	7.7	7.7
Receivables	3.6	-	3.6
Bank and cash	0.8	-	0.8
Payables	(2.0)	-	(2.0)
Derivative creditor	(7.9)	-	(7.9)
Borrowings due outwith one year	<u>(67.7)</u>	<u>-</u>	<u>(67.7)</u>
Total identifiable net assets	9.3	7.7	17.0
Fair value of Group’s interest in OTL	(4.3)	-	(4.3)
Consideration for remaining share capital	<u>(2.0)</u>	<u>-</u>	<u>(2.0)</u>
Negative goodwill released to Consolidated Income Statement	<u>3.0</u>	<u>7.7</u>	<u>10.7</u>

The revised total “acquisition accounting adjustment” gain taken to the Consolidated Income Statement for the year ended 31st December 2009 as a result of the acquisition is £15.3m, comprising a fair value uplift in the previous joint venture holding of £4.6m and £10.7m of negative goodwill arising on acquisition.

Group net assets as previously reported at 31st December 2009 were £228.5m. The impact of the revision on net assets is an increase of £7.7m, resulting in net assets as revised at 31st December 2009 of £236.2m.

Full disclosure of the acquisition can be found in Note 39 of the Annual Report and Accounts for the year ended 31st December 2009.

18. Retirement benefit obligations – changes in assumptions

The revised material assumptions used to arrive at the retirement benefit obligation liability are as follows:

	As at 30.6.10	As at 31.12.09
Main actuarial assumptions		
Discount rate	5.30%	5.70%
Price inflation	3.20%	3.55%
Salary growth	3.95%	4.30%

Assumptions regarding mortality have not changed since 31st December 2009.

19. Pilots National Pension Fund

At the beginning of 2010, the Trustee of the Pilots National Pension Fund (“PNPF”) sought directions from the High Court as to its liability under both the Rules of the PNPF multi-employer Scheme (“the PNPF Scheme”) and in law to make up the PNPF Scheme’s deficit. The judge’s Opinion was extremely complex but in essence he decided that the Trustee’s Power of Amendment is wide enough to allow it to amend the Rules so as to impose contributions on all categories of Competent Harbour Authorities (“CHAs”) Both the Company and Port of Dundee Limited (“PODL”) are CHAs. It is likely to be some time before the Trustee is in a position to agree a Recovery Plan which then spreads the contributions as widely as possible. Both the Trustee and the CHAs have identified a willingness to discuss a long-term industry solution to the current position. For this reason, it is not possible to quantify at this time what the financial effect of the Trustee’s deliberations might be upon the Company and PODL.

20. Definition of “underlying”

The definition of the word “underlying” in the context of an adjustment to a reported number is as follows:-

- 1) Underlying group/port/recycling/property operating profit refers to the reported group/port/recycling/property operating profit adjusted to exclude the effect of any revaluation of the investment properties and any exceptional items.
- 2) Underlying profit before tax, underlying profit after tax and underlying earnings per share refer to reported profit before tax, reported profit after tax and reported basic earnings per share adjusted as above together with an adjustment for any revaluation of joint venture’s investment property.

21. Condensed consolidated interim financial statements

The condensed consolidated interim financial statements are unaudited but have been formally reviewed by the Auditors and their report to the Company is set out on page 28. The financial information contained in this statement does not comprise statutory accounts within the meaning of the phrase as referred to in section 434 of the Companies Act 2006. Full accounts for the year ended 31st December 2009 have been filed with the Registrar of Companies. The report of the Auditors on these accounts was unqualified and did not contain a statement under section 498 (1-3) of the Companies Act 2006.

The maintenance and integrity of the Forth Ports PLC website is the responsibility of the Directors; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the Interim Report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

22. General

The interim statement will be posted to shareholders on 3rd September 2010. Copies will be available from the Company’s registered office, Forth Ports PLC, 1 Prince of Wales Dock, Leith, Edinburgh EH6 7DX.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Forth Ports PLC are listed in the Forth Ports PLC Annual Report for 31st December 2009.

BY ORDER OF THE BOARD

C.G. Hammond
GROUP CHIEF EXECUTIVE

W.W. Murray
GROUP FINANCE DIRECTOR

25th August 2010

INDEPENDENT REVIEW REPORT TO FORTH PORTS PLC

We have been engaged by the Company to review the condensed consolidated set of financial statements in the interim financial report for the six months ended 30th June 2010, which comprises the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated set of financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the interim financial report for the six months ended 30th June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Edinburgh

25th August 2010