

# FORTH PORTS PLC



1 PRINCE OF WALES DOCK, EDINBURGH EH6 7DX  
Telephone 0131 555 8700 Facsimile 0131 553 7462

## *Press Information*

27<sup>th</sup> August 2009

### **RESULTS FOR THE HALF YEAR ENDED 30TH JUNE 2009**

#### **Reported results**

- Group revenue down 4% to £86.6m (2008: £90.1m)
- Group operating profit down 14% to £19m (2008: £22m)
- Port operating profit down 15% to £19.1m (2008: £22.4m)
- Profit before tax up 38% to £12.4m (2008: £9.0m)
- Basic earnings per share up 80% to 18.7p (2008: 10.4p)
- Interim dividend of 9.5p per share in line with change announced in March (2008: 16.6p)

#### **Underlying results<sup>1</sup>**

- Underlying profit before tax down 10% to £14.8m (2008: £16.5m)
- Underlying earnings per share down 11% at 24.6p (2008: 27.5p)

#### **Operational Highlights**

##### **Ports**

- Resilient performance with strong cash generation - trading results for Tilbury and Scottish ports in line with last year
  - Tilbury - strong growth in ro-ro traffic, grain tonnages up by over 60%
  - Scotland - strong performance at the Port of Leith and tight control of operating costs
- Signs of improvement at Tilbury Container Services and Nordic after a difficult first half

##### **Property**

- Positioning the business for market recovery: strong asset management, control of costs, pursuing planning consents and public funding for infrastructure
- Signed three new tenants at Ocean Terminal including a 6,000 sq.ft. Superdry store
- Further reduction in value of Ocean Terminal reflecting yield movement

##### **Forth Energy**

- Plans revealed to site four 100MW biomass plants within our Scottish ports
- Significant value opportunity for Group

---

<sup>1</sup> See Note 18 of the Interim Statement

**Charles Hammond, Group Chief Executive, said:**

“The resilience of our results shows the benefit of the significant breadth of our business which is underpinned by quality contracts, fundamental requirements and tonnage-related volume guarantees. We expect the ports performance in the second half to be robust. In property, we will continue to minimise expenditure whilst creating a growth platform to allow us to crystallise value when conditions improve. With secure revenue flows, new business initiatives and a strong asset base, we are well placed to take advantage of any upturn in the economy.”

**Enquiries:**

Charles Hammond, Group Chief Executive Wilson Murray, Group Finance Director	Forth Ports PLC	Tel: 0207 404 5959 on 27.8.09 Thereafter 0131 555 8700
---	-----------------	---

Jon Coles/Kate Miller	Brunswick	Tel: 0207 404 5959
-----------------------	-----------	--------------------

**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. We also operate out of Chatham in Kent under the Nordic banner.

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 which it continues to develop as part of its commitment to increase shareholder value.

## **CHAIRMAN AND GROUP CHIEF EXECUTIVE'S REPORT**

The Group's first half financial performance has been robust in the face of a difficult economic climate. Our broad spread of port activities, secure contracts and tight control of costs have allowed our own port business to trade in line with 2008. The weaker economic situation, however, has impacted our Nordic Recycling business and our associated company Tilbury Container Services ("TCS") resulting in the overall lower financial performance compared with 2008. Group revenue amounted to £86.6m (2008 - £90.1m). Group operating profit amounted to £19m compared with £22m in 2008.

In March, our joint venture company, Ocean Terminal Limited, completed a refinancing which involved converting shareholder loans into equity together with an injection of a further £5m of new loans from the Group. Rental income at Ocean Terminal remains good and new lettings have been concluded. As a result of a continuing softening in commercial property yields, the Group's share of the value of Ocean Terminal was reduced by £4.4m (2008 - a reduction of £7.5m) at 30<sup>th</sup> June 2009 although only £2.4m of this reduction has been included in the Accounts (see Note 9).

Basic earnings per share amounted to 18.7p (2008 - 10.4p) with underlying earnings per share down 11% at 24.6p (2008 - 27.5p).

Cash generation remained strong and our net debt position at 30<sup>th</sup> June was £197.3m, a reduction of £10.7m since 31<sup>st</sup> December 2008.

The Board has approved an interim dividend of 9.5p per share (2008 - 16.6p) which is consistent with the rebasing of the full year dividend announced in March. The full year dividend for 2008 was 28.6p. The interim dividend will be paid on 6<sup>th</sup> November 2009 to shareholders on the register at 9<sup>th</sup> October 2009.

### **Review of Ports Business**

The trading result for Tilbury and Scotland for the first half of the year was in line with the equivalent period in 2008. As highlighted previously, the performance at Nordic and TCS was significantly below last year. As a result, revenue reduced from £89.4m to £85.8m in the first half of the year. Underlying port operating profit amounted to £19.5m compared with £22.7m last year. Increased costs in wages and utilities were more than offset by operating efficiencies and other cost savings.

Total tonnage fell marginally to 24.2 million tonnes. Within this figure, liquid bulks increased by 2% to 17.6 million tonnes (2008 - 17.3 million tonnes). Dry cargo tonnage fell by 6% to 6.6 million tonnes.

### **Tilbury**

Tilbury's financial performance contributed strongly to the overall ports performance in the first half of 2009. Despite an overall decline in volumes of 5% to 3.9 million tonnes, the mix of cargo benefited the financial performance with strong growth in ro-ro traffic offsetting the fall in forest products traffic. Grain tonnages were up by over 60% with both imports and exports doing well. Volumes through the Enterprise Distribution Centre increased by 6%. Tight control of costs was maintained and reductions more than offset the increase in utility costs where the like for like increases were nearly 100%. The Short Sea Container Terminal saw throughput reduced by 23% with a volume of 58,600 boxes; two new services were introduced in 2009.

The volume of Hyundai cars imported through Tilbury continues to increase and customer enquiries for facilities remain active despite the economic climate. Work has now been completed on the new Cemex grinding and blending facility and Tilbury is benefiting from enhanced revenues under a new long-term contract. Tilbury is working closely with the London Organising Committee for the Olympic Games to deliver a waterborne supply chain for many of the goods and materials to be stored and then distributed to the Olympic sites.

As expected, TCS saw an overall reduction in its volumes of 21% with a throughput of 140,900 boxes (2008 – 179,300 boxes). Nevertheless the trend in the financial position has improved since March.

Last year we acquired 65 acres of land outside the port for future port use. We have been closely involved in discussions with Thurrock Council and Thurrock Thames Gateway Development Corporation as part of the review of the proposed South East Thurrock Masterplan. We are confident that the proposals being put forward will recommend rezoning the land for port use which would give a significant economic boost to the area.

We have progressed discussions on our proposals to provide “green power” through four wind turbines on land within the port. We expect a conclusion of these discussions in the second half of the year.

We are also in advanced discussions with Tilbury Green Power Limited (“TGP”) which has submitted a planning application to build a 60 megawatt biomass multifuel facility on our land. TGP is confident that planning approval will be granted shortly for this project.

## **Nordic**

The first six months of 2009 have been difficult for Nordic. There has been a significant decrease in the consumption and supply of recyclable materials and recovered paper. Commodity prices remained very low in the first three months of this year but the trend in the succeeding three month period has been positive. This improvement has continued into the second half and machinery changes have been made to the Materials Recycling Facility at Tilbury which will improve its efficiency and separation capability.

A new Managing Director, Peter Hathaway, joined the Nordic Group on 1<sup>st</sup> June 2009. He has extensive experience in the waste industry.

## **Scottish Ports**

Overall, activity levels at our Scottish ports were lower than the equivalent period in 2008, mainly due to reduced demand for construction materials particularly through Rosyth and Grangemouth. Container volumes at Grangemouth were down 5% although this was offset by a strong first half at the Port of Leith and tight control of operating costs. The total throughput amounted to 5.5 million tonnes (2008 – 6 million tonnes). Within the total figure, liquid bulks at Grangemouth fell by 0.4 million tonnes and dry cargo was marginally lower at 2.4 million tonnes (2008 – 2.5 million tonnes).

### Grangemouth

The total throughput at Grangemouth amounted to 4.1 million tonnes (2008 – 4.5 million tonnes). Container volumes amounted to 71,000 boxes. Timber and paper and pulp tonnages fell by more than 50% to 52,000 tonnes. Although liquid bulks tonnages also fell in the first half, LPG volumes increased by 36%.

## Leith

Leith's performance showed an improvement over the equivalent period in 2008. Volumes remained steady at 0.9 million tonnes of which 0.6 million tonnes related to coal traffic for both Scottish Power and Scottish Coal. There was a significant increase in steel pipes and iron ore traffic for Bredero Shaw where the volume reached 0.2 million tonnes. As expected, aggregates and cement tonnages were lower. Bredero Shaw will be bidding for several new contracts which should see volumes increase by the end of 2009 and into 2010. Scottish Coal has successfully completed trial shipments of coal for blending and subsequent distribution; these shipments should continue this year and next.

## Dundee

Dundee's overall performance remained steady with a tonnage of 0.4 million tonnes, a reduction of 0.1 million tonnes on the equivalent period in 2008 principally due to a reduction in liquid bulks. Timber and agripods were also down on last year but North Sea oil revenue saw a good increase.

## Rosyth and Fife Ports

Volumes at these ports were lower due to the fall in construction materials at Rosyth. The new Norfolkline Ferry Service between Rosyth and Zeebrugge commenced operation in late May 2009 and early traffic levels on the service have been encouraging. Oceaneering Multiflex UK extended its presence in Rosyth and have taken on an additional leased area within the port. We are pursuing enquiries in relation to vacant facilities at the port.

## **Marine**

The throughput at Hound Point amounted to 13.1 million tonnes, up 8% on the first half of last year. The throughput at Braefoot Bay fell by 0.3 million tonnes to 1.4 million tonnes. Overall, the performance of our Marine business was steady.

## **Property**

Our approach is to create a growth platform through strong asset management, control of costs, securing viable planning consents and pursuing public funding for infrastructure. This will position the business for a market recovery and allow us to crystallise value when conditions improve.

The property team has reviewed the infrastructure spend requirements on the various developments to reduce the cash outflow consistent with obtaining planning consent for The Harbour, Leith Docks. The Harbour Outline Planning Application and Masterplan was submitted to City of Edinburgh Council ("CEC") in December 2008 and we have been working with the planning officials to address the matters raised. We hope that this planning application will be formally considered by the Planning Committee in the second half of this year. CEC are in discussions with the Scottish Government and others on a plan for public funding of infrastructure within the city. Various projects on the Waterfront have been identified as part of this review including proposals for a boardwalk beside Ocean Terminal, a new lock entrance for leisure craft and ferries alongside the existing lock entrance and a new east-west link road. We welcome these proposals.

Ocean Terminal Limited has signed up Superdry for a large 6,000 sq.ft. new store which will open in September 2009. We have also signed up two other tenants and are in discussions with several others as we are able to offer competitive terms in comparison to other locations within Edinburgh.

At the half year, we discussed the valuation of Ocean Terminal with Drivers Jonas, our independent valuers. Although no formal valuation has been produced, the Directors are of the view that in the six months since 31<sup>st</sup> December 2008, yields on shopping centres have eased further, and so have reduced the value of Ocean Terminal to £81.75m. This decrease in value is reflected in the Income Statement by a reduction of £2.4m (see Note 9). As part of the refinancing which was concluded in March of this year, the date of the first test of the Loan to Value covenant on Ocean Terminal is by reference to the valuation at 31<sup>st</sup> March 2010. Cash generation and cash flow cover remain good.

We have also had discussions with Debenham Tie Leung on their view of the property market generally. As a result of those discussions, the Directors have concluded that there is no need to make any further provisions against the carrying value of the property inventory costs at 30<sup>th</sup> June 2009.

Following a review of costs, we have reduced the resource level within property.

## **Energy**

As part of our strategic joint venture with Scottish and Southern Energy plc, we have identified opportunities to site four 100MW biomass plants within our Scottish ports and we are assembling the necessary information to support appropriate planning applications. We believe that achieving planning consents for these plants could add significant value to the Group, including adding revenue and earnings to our ports business. The plants could also make a major contribution to Scotland's renewable energy needs. We have also erected monitoring equipment at Grangemouth and Dundee to obtain wind data to determine the suitability of these sites for further onshore wind installations.

## **Finance**

With the signing of the new lease with Oceaneering Multiflex UK, the underlying assets covered by the lease were transferred from operational land and buildings to investment property producing an uplift in value of £2.4m which was put through the Consolidated Statement of Comprehensive Income.

The Directors, having received advice from Bidwells LLP on the fair value of the Group's investment property, do not believe that there has been a material change in the overall fair value of the investment property between 31<sup>st</sup> December 2008 and 30<sup>th</sup> June 2009. The properties within this category are nearly all held for the long-term and are an integral part of the ports business. A more detailed review will be carried out at the end of the year.

Net debt at the half year amounted to £197.3m compared with £208m at 31<sup>st</sup> December 2008. The level of gearing at 30<sup>th</sup> June 2009 amounted to 91% (31<sup>st</sup> December 2008 – 90%). After adjusting for the increase in pension scheme liabilities, the like for like gearing level at 30<sup>th</sup> June 2009 was 84%.

The Directors have reviewed the financial covenants and concluded that the headroom was comfortable at the half year. The effective corporation tax rate for the half year was 28.6%.

The actuarial deficit in the Pension Scheme at the half year under IAS 19 (Employee Benefits) amounted to £29.1m compared with £5.1m at 31<sup>st</sup> December 2008 and £24.9m at 30<sup>th</sup> June 2008. The increase in the deficit reflects the change in the liability assumptions on discount rate (reduced from 6.4% at December 2008 to 6.2% at 30<sup>th</sup> June 2009), an increase in assumed price inflation from 2.75% to 3.2% and an increase in assumed salary growth from 4% to 4.45%.

With effect from 1<sup>st</sup> May 2009, the active members of the Forth Ports Group Pension Scheme (“the Scheme”) agreed to increase their contribution rate by 2%. The full year effect of this measure will be to reduce the Company's annual special contribution to the Scheme from £3.3m to £2.7m.

Cash flow generated from operations amounted to £25.1m (2008 - £32.1m). Capital expenditure spend in the first half of 2009 amounted to £4.3m compared with £14.6m in 2008. Property infrastructure spend in the same period was £0.7m (2008 - £2.5m).

## Prospects

The results for the first half of the year are in line with our expectations. They show the benefit of the significant breadth of our business which is underpinned either by quality contracts, fundamental requirement (base commodities of grain, coal, animal feeds, containers and liquid bulks) or by tonnage-related volume guarantees (paper, coal, liquid bulks and forest products). We expect the ports performance in the second half to be robust; the trading performance of this business has traditionally been weighted towards the second half of the year. The monthly trend in the Nordic and TCS businesses is expected to improve in the second half but will fall short of the equivalent full year's figures for last year. Although the economic climate is still challenging, we are pursuing a number of enquiries in the ports business which should increase secure revenue streams. Our property business will continue to minimise its expenditure for the rest of this year. In energy, we hope to conclude negotiations with an energy supplier by the end of this year to build and operate the four wind turbines at Tilbury. We also hope to make good progress through our strategic joint venture with the planning applications for the biomass plants in Scotland.

With secure revenue flows, business initiatives and a strong asset base, the Group is well placed to take advantage of any upturn in the economy. Overall, we remain optimistic that the Group will produce a satisfactory performance this year.

Christopher Collins  
CHAIRMAN

Charles Hammond  
GROUP CHIEF EXECUTIVE

27<sup>th</sup> August 2009

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Before Exceptional Items and Revaluations £m	Exceptional Items and Revaluations £m	Unaudited six months to 30.6.09 Total £m	Before Exceptional Items and Revaluations £m	Exceptional Items and Revaluations £m	Unaudited six months to 30.6.08 Total £m	Audited year to 31.12.08 £m
<b>Group revenue</b>	5,9	86.6	-	86.6	90.1	-	90.1	185.9
Cost of sales	9	(55.3)	-	(55.3)	(56.1)	-	(56.1)	(144.3)
<b>Gross profit</b>		31.3	-	31.3	34.0	-	34.0	41.6
Administrative expenses		(12.3)	-	(12.3)	(12.0)	-	(12.0)	(24.1)
Other expenses	9	-	-	-	-	-	-	(16.4)
<b>Group operating profit</b>	5	19.0	-	19.0	22.0	-	22.0	1.1
Finance income	5,6	0.5	-	0.5	1.0	-	1.0	2.2
Finance costs	5,6	(5.8)	-	(5.8)	(7.3)	-	(7.3)	(14.1)
Share of post-tax results of joint ventures	5,7,9	0.6	(2.4)	(1.8)	(0.8)	(7.5)	(8.3)	(21.4)
Share of post-tax results of associate	5,8,9	0.5	-	0.5	1.6	-	1.6	1.5
<b>Profit/(loss) before tax</b>		14.8	(2.4)	12.4	16.5	(7.5)	9.0	(30.7)
Taxation	9,10	(3.9)	-	(3.9)	(4.4)	-	(4.4)	(20.5)
<b>Profit/(loss) for the period</b>		10.9	(2.4)	8.5	12.1	(7.5)	4.6	(51.2)
Loss attributable to minority interest		(0.0)	-	(0.0)	(0.1)	-	(0.1)	(2.2)
Profit/(loss) attributable to equity shareholders		10.9	(2.4)	8.5	12.2	(7.5)	4.7	(49.0)
		10.9	(2.4)	8.5	12.1	(7.5)	4.6	(51.2)
<b>Earnings per share</b>								
Basic earnings/(loss) per share	11			18.7p			10.4p	(107.8p)
Diluted earnings/(loss) per share	11			18.5p			10.3p	(107.8p)

Details of dividends are shown in Note 15.

All results relate to continuing activities.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months to 30.6.09 £m	Unaudited six months to 30.6.08 £m	Audited year to 31.12.08 £m
Share of joint venture's movement on cash flow hedge	1.0	0.2	(4.1)
Share of associate's movement on cash flow hedge	0.0	0.0	(0.1)
Corporation tax on excess pension contributions	0.2	0.4	1.8
Deferred tax on excess pension contributions	(0.2)	(0.4)	(1.8)
Actuarial loss in defined benefit pension scheme	(24.7)	(26.0)	(10.9)
Deferred tax on actuarial loss	6.9	7.3	3.1
Interest rate hedge	(1.3)	-	-
Revaluation of investment property transferred from operational land and buildings	2.4	24.5	24.9
Deferred tax on revaluation	(0.6)	(6.9)	(6.9)
Share of associate's actuarial gain/(loss) in defined benefit pension scheme	0.0	(0.0)	(0.1)
Deferred tax on associate's actuarial gain/(loss)	(0.0)	0.0	0.0
(Expense)/income recognised directly in equity	(16.3)	(0.9)	5.9
Profit/(loss) for the period	8.5	4.6	(51.2)
<b>Total comprehensive (expense)/income for the period</b>	<b>(7.8)</b>	<b>3.7</b>	<b>(45.3)</b>
<b>Attributable to:</b>			
Minority interest	(0.0)	(0.1)	(2.2)
Equity shareholders	(7.8)	3.8	(43.1)
	<b>(7.8)</b>	<b>3.7</b>	<b>(45.3)</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited as at 30.6.09 £m	Audited as at 31.12.08 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	214.5	219.3
Investment property	12	208.6	205.7
Intangible assets	12	39.6	40.3
Investment in associate		10.1	9.6
Deferred tax assets		8.1	1.4
		480.9	476.3
<b>Current assets</b>			
Inventories		28.3	27.4
Trade and other receivables		37.1	35.8
Current tax receivable		-	4.5
Cash and cash equivalents	14	6.4	4.7
		71.8	72.4
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		(27.9)	(28.9)
Current tax liabilities		(4.7)	-
Derivative financial instruments		(0.5)	-
Borrowings	14	(0.1)	(0.1)
Provisions		(0.3)	(0.4)
		(33.5)	(29.4)
<b>Net current assets</b>			
		38.3	43.0
<b>Non-current liabilities</b>			
Borrowings	14	(203.6)	(212.6)
Investment in joint ventures		-	(3.5)
Deferred tax liabilities		(67.8)	(67.6)
Retirement benefit obligations	17	(29.1)	(5.1)
Derivative financial instruments		(0.8)	-
Provisions		(0.3)	(0.3)
		(301.6)	(289.1)
<b>Total assets less total liabilities</b>			
		217.6	230.2
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		22.8	22.8
Share premium		19.2	19.2
Own shares held		(4.9)	(4.9)
Fair value and other reserves		13.2	13.5
Retained earnings		167.0	179.3
Total shareholders' equity		217.3	229.9
Minority interest in equity		0.3	0.3
<b>Total equity</b>			
		217.6	230.2

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Minority interest	Total equity
	Share capital £m	Share premium £m	Own shares held £m	Fair value and other reserves £m	Retained earnings £m	£m	£m
<b>Balance at 1<sup>st</sup> January 2008</b>	22.8	19.2	(5.2)	17.7	238.3	2.5	295.3
Share of joint venture's movement on cash flow hedge	-	-	-	0.2	-	-	0.2
Share of associate's movement on cash flow hedge	-	-	-	0.0	-	-	0.0
Revaluation of investment property transferred from operational land and buildings	-	-	-	-	24.5	-	24.5
Deferred tax on revaluation	-	-	-	-	(6.9)	-	(6.9)
Corporation tax on excess pension contributions	-	-	-	-	0.4	-	0.4
Deferred tax on excess pension contributions	-	-	-	-	(0.4)	-	(0.4)
Actuarial loss on defined benefit pension scheme	-	-	-	-	(26.0)	-	(26.0)
Deferred tax on actuarial loss	-	-	-	-	7.3	-	7.3
Share of associate's actuarial loss on defined benefit pension scheme	-	-	-	-	(0.0)	-	(0.0)
Deferred tax on associate's actuarial loss	-	-	-	-	0.0	-	0.0
Net income/(expense) recognised directly in equity	-	-	-	0.2	(1.1)	-	(0.9)
Profit/(loss) for the period	-	-	-	-	4.7	(0.1)	4.6
Total comprehensive income/(expense) for the period	-	-	-	0.2	3.6	(0.1)	3.7
LTIP shares - value of services provided	-	-	-	-	0.6	-	0.6
SAYE scheme - value of services provided	-	-	-	-	0.1	-	0.1
Consideration received for own shares held	-	-	0.3	-	-	-	0.3
Dividends (less dividends received by ESOP)	-	-	-	-	(14.5)	-	(14.5)
<b>Balance at 30<sup>th</sup> June 2008</b>	22.8	19.2	(4.9)	17.9	228.1	2.4	285.5
Share of joint venture's movement on cash flow hedge	-	-	-	(4.3)	-	-	(4.3)
Share of associate's movement on cash flow hedge	-	-	-	(0.1)	-	-	(0.1)
Revaluation of investment property transferred from operational land and buildings	-	-	-	-	0.4	-	0.4
Corporation tax on excess pension contributions	-	-	-	-	1.4	-	1.4
Deferred tax on excess pension contributions	-	-	-	-	(1.4)	-	(1.4)
Actuarial gain on defined benefit pension scheme	-	-	-	-	15.1	-	15.1
Deferred tax on actuarial gain	-	-	-	-	(4.2)	-	(4.2)
Share of associate's actuarial loss on defined benefit pension scheme	-	-	-	-	(0.1)	-	(0.1)
Deferred tax on associate's actuarial loss	-	-	-	-	0.0	-	0.0
Net (expense)/income recognised directly in equity	-	-	-	(4.4)	11.2	-	6.8
Loss for the period	-	-	-	-	(53.7)	(2.1)	(55.8)
Total comprehensive expense for the period	-	-	-	(4.4)	(42.5)	(2.1)	(49.0)
LTIP shares - value of services provided	-	-	-	-	1.1	-	1.1
SAYE scheme - value of services provided	-	-	-	-	0.1	-	0.1
Consideration received for own shares held	-	-	0.0	-	-	-	0.0
Dividends (less dividends received by ESOP)	-	-	-	-	(7.5)	-	(7.5)
<b>Balance at 31st December 2008</b>	22.8	19.2	(4.9)	13.5	179.3	0.3	230.2
<b>Balance at 1<sup>st</sup> January 2009</b>	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)
<b>Balance at 30<sup>th</sup> June 2009</b>	22.8	19.2	(4.9)	13.2	167.0	0.3	217.6

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Unaudited six months to 30.6.09 £m	Unaudited six months to 30.6.08 £m	Audited year to 31.12.08 £m
<b>Cash flows from operating activities</b>				
Cash generated from operations	13	25.1	32.1	58.8
Interest paid		(4.6)	(7.5)	(12.1)
Interest received		0.1	0.2	0.4
Tax repaid/(paid)		5.0	(3.6)	(8.6)
Dividend received from associated company		-	-	1.0
Dividend received from joint venture company		-	-	0.1
<b>Net cash generated from operating activities</b>		<b>25.6</b>	<b>21.2</b>	<b>39.6</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment, intangibles and investment property		(4.3)	(14.6)	(23.1)
Loan to joint venture company		(5.0)	-	-
Sale of property, plant and equipment and investment property		0.0	0.1	3.0
<b>Net cash used in investing activities</b>		<b>(9.3)</b>	<b>(14.5)</b>	<b>(20.1)</b>
<b>Net cash inflow before financing activities</b>		<b>16.3</b>	<b>6.7</b>	<b>19.5</b>
<b>Cash flows from financing activities</b>				
New loans advanced		50.0	50.0	50.0
Arrangement fees for new loans		(0.2)	(0.1)	(0.3)
Loan repayments		(59.0)	(43.0)	(50.0)
Capital element of finance leases		(0.0)	(0.0)	(0.0)
Equity dividends paid	15	(5.4)	(14.6)	(22.1)
Proceeds from sale of own shares held		0.0	0.3	0.3
<b>Net cash used in financing activities</b>		<b>(14.6)</b>	<b>(7.4)</b>	<b>(22.1)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	13	<b>1.7</b>	<b>(0.7)</b>	<b>(2.6)</b>
<b>Cash and cash equivalents at start of period</b>		<b>4.7</b>	<b>7.3</b>	<b>7.3</b>
<b>Cash and cash equivalents at end of period</b>	14	<b>6.4</b>	<b>6.6</b>	<b>4.7</b>

## 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 and related services and facilities. The Group also has extensive property interests.

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 27<sup>th</sup> August 2009.

### 2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30th June 2009 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 2008 which have been prepared in accordance with IFRSs as adopted by the European Union.

The Directors have made an assessment of the going concern basis of preparation of the Group financial statements at 30<sup>th</sup> June 2009 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 31<sup>st</sup> December 2008.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1<sup>st</sup> January 2009:

- IAS 1 (revised) (Presentation of Financial Statements). The revised standard prohibits the presentation of items of income and expenses (that is “non-owner changes in equity”) in the Statement of Changes in Equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity. All “non-owner changes in equity” are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the Statement of Comprehensive Income) or two statements (the Income Statement and Statement of Comprehensive Income).

The Group has elected to present two statements: an Income Statement and a Statement of Comprehensive Income. The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 8 (Operating Segments). IFRS 8 replaces IAS 14 (Segment Reporting). It requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1<sup>st</sup> January 2009, but have no material impact on the results of the Group:

- Amendment to IFRS 7 (Financial Instruments: Disclosures)
- IFRIC 13 (Customer Loyalty Programmes)
- IFRIC 14 (IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)
- IFRIC 15 (Agreements for the Construction of Real Estate)
- IFRIC 16 (Hedges of a Net Investment in a Foreign Operation)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1<sup>st</sup> January 2009 and have not been early adopted:

- IAS 39 (amendment) (Financial Instruments: Recognition and Measurement)
- IFRS 3 (revised) (Business Combinations) and consequential amendments to IAS 27 (Consolidated and Separate Financial Statements), IAS 28 (Investments in Associates) and IAS 31 (Interests in Joint Ventures), effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1<sup>st</sup> July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation, associates and joint ventures on the Group.

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the Statement of Comprehensive Income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) to all business combinations from 1<sup>st</sup> January 2010, subject to endorsement by the EU.

- IFRIC 17 (Distributions of Non-Cash Assets to Owners) effective for annual periods beginning on or after 1<sup>st</sup> 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 transfers of assets received on or after 1<sup>st</sup> July 2009. This is not relevant to the Group, as it has not received any assets from customers.

#### **4. Risk**

The principal risks and uncertainties which affect the Group have not changed since 31<sup>st</sup> December 2008. 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 31<sup>st</sup> December 2008. The Directors consider that this properly reflects the risks and uncertainties in respect of the second six months of 2009.

#### **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 two business segments:

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

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

	Port Operations £m	Property £m	Unaudited six months to 30.6.09 £m
Total gross segment revenue	85.8	0.8	86.6
Inter-segment revenue	<u>(0.0)</u>	<u>(0.0)</u>	<u>(0.0)</u>
<b>Total revenue</b>	<b><u>85.8</u></b>	<b><u>0.8</u></b>	<b><u>86.6</u></b>
<b>Operating profit/(loss)/Segment result before elimination of inter-segment charge</b>	19.1	(0.1)	19.0
Inter-segment charge eliminated	<u>(0.0)</u>	<u>0.0</u>	<u>—</u>
<b>Operating profit/(loss)/Segment result</b>	19.1	(0.1)	19.0
Finance income (Note 6)	0.1	0.4	0.5
Finance costs (Note 6)	(3.7)	(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>0.5</u>
<b>Profit/(loss) before tax</b>	<b><u>16.0</u></b>	<b><u>(3.6)</u></b>	<b>12.4</b>
Taxation			<u>(3.9)</u>
<b>Profit for the period</b>			<b><u>8.5</u></b>

The segment results for the period ended 30th June 2008 were as follows:-

	Port Operations £m	Property £m	Unaudited six months to 30.6.08 £m
Total gross segment revenue	89.4	0.7	90.1
Inter-segment revenue	<u>(0.0)</u>	<u>(0.0)</u>	<u>(0.0)</u>
<b>Total revenue</b>	<b><u>89.4</u></b>	<b><u>0.7</u></b>	<b><u>90.1</u></b>
<b>Operating profit/(loss)/Segment result before elimination of inter-segment charge</b>	22.4	(0.4)	22.0
Inter-segment charge eliminated	<u>(0.0)</u>	<u>0.0</u>	<u>—</u>
<b>Operating profit/(loss)/Segment result</b>	22.4	(0.4)	22.0
Finance income (Note 6)	0.2	0.8	1.0
Finance costs (Note 6)	(5.6)	(1.7)	(7.3)
Net share of results of joint ventures (Note 7)	-	(8.3)	(8.3)
Net share of results of associate (Note 8)	<u>1.6</u>	<u>—</u>	<u>1.6</u>
<b>Profit/(loss) before tax</b>	<b><u>18.6</u></b>	<b><u>(9.6)</u></b>	<b>9.0</b>
Taxation			<u>(4.4)</u>
<b>Profit for the period</b>			<b><u>4.6</u></b>

The underlying port operating profit of £19.5m (2008 - £22.7m) excludes £0.4m for the amortisation of goodwill arising from the Nordic acquisition (2008 - £0.3m).

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	Property £m	Unaudited six months to 30.6.09 £m	Port Operations £m	Property £m	Unaudited six months to 30.6.08 £m
Depreciation of property, plant and equipment	(7.1)	(0.0)	(7.1)	(7.0)	(0.0)	(7.0)
Amortisation of intangibles	(0.7)	-	(0.7)	(0.7)	-	(0.7)
Amortisation of capital grants	0.4	-	0.4	0.3	-	0.3
Impairment of trade receivables	(0.1)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)

The segment assets and liabilities were as follows:-

	Port Operations £m	Property £m	Unaudited six months to 30.6.09 £m
<b>Assets</b>			
Segment assets	506.6	36.0	542.6
Associates	<u>10.1</u>	<u>-</u>	<u>10.1</u>
<b>Total assets</b>	<u>516.7</u>	<u>36.0</u>	<u>552.7</u>
<b>Liabilities</b>			
Segment liabilities	214.2	48.4	262.6
Tax liabilities	72.2	0.3	72.5
Joint ventures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>286.4</u>	<u>48.7</u>	<u>335.1</u>

	Port Operations £m	Property £m	Unaudited six months to 30.6.08 £m
<b>Assets</b>			
Segment assets	525.4	85.6	611.0
Associates	<u>10.9</u>	<u>-</u>	<u>10.9</u>
<b>Total assets</b>	<u>536.3</u>	<u>85.6</u>	<u>621.9</u>
<b>Liabilities</b>			
Segment liabilities	222.4	52.0	274.4
Tax liabilities	53.0	0.4	53.4
Joint ventures	<u>-</u>	<u>8.6</u>	<u>8.6</u>
<b>Total liabilities</b>	<u>275.4</u>	<u>61.0</u>	<u>336.4</u>

Segment information for the year ended 31st December 2008 is as disclosed in the full financial statements.

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 30.6.09 £m	Unaudited six months to 30.6.08 £m	Audited year to 31.12.08 £m
<b>Finance income</b>			
Port operations			
- on bank and other deposits	0.0	0.1	0.4
- interest on overpaid corporation tax	0.1	0.1	-
- interest receivable on overpaid VAT	-	-	0.3
Property			
- on bank and other deposits	0.0	0.1	0.2
- unwinding of discount on zero coupon loan stock at amortised cost	0.4	0.7	1.3
<b>Total finance income</b>	<b>0.5</b>	<b>1.0</b>	<b>2.2</b>
<b>Finance costs</b>			
Port operations			
- on bank loans	(3.5)	(5.4)	(10.5)
- 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)	(0.1)	(0.2)
- interest on underpaid corporation tax	-	(0.1)	(0.1)
Property			
- write down of zero coupon loan stock to amortised cost	(1.1)	-	-
- on bank loans	(1.0)	(1.7)	(3.3)
<b>Total finance costs</b>	<b>(5.8)</b>	<b>(7.3)</b>	<b>(14.1)</b>
<b>Net finance costs</b>			
Port operations	(3.6)	(5.4)	(10.1)
Property	(1.7)	(0.9)	(1.8)
	<b>(5.3)</b>	<b>(6.3)</b>	<b>(11.9)</b>

## 7. Share of post-tax results of joint ventures

	Unaudited six months to 30.6.09 £m	Unaudited six months to 30.6.08 £m	Audited year to 31.12.08 £m
<b>Property</b>			
Operating profit	1.2	1.4	2.5
Revaluation	(2.4)	(7.5)	(19.7)
Finance costs	(0.6)	(2.2)	(4.2)
Taxation	-	-	-
<hr/>			
Group's share of post-tax results	(1.8)	(8.3)	(21.4)

## 8. Share of post-tax results of associate

	Unaudited six months to 30.6.09 £m	Unaudited six months to 30.6.08 £m	Audited year to 31.12.08 £m
<b>Port operations</b>			
Operating profit	0.8	2.4	3.7
Finance costs	(0.1)	(0.2)	(0.2)
Taxation	(0.2)	(0.6)	(2.0)
<hr/>			
Group's share of post-tax results	0.5	1.6	1.5

## 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 30.6.09 £m	Unaudited six months to 30.6.08 £m	Audited year to 31.12.08 £m
<u>Revenue</u>			
Amount receivable from a guarantor of a port tenant	==	==	<u>(1.9)</u>
<u>Cost of sales</u>			
Write-down of property inventory	-	-	27.7
Provision for property bad debt	-	-	3.9
Costs relating to amount receivable from a guarantor of a port tenant	-	-	<u>0.2</u>
	==	==	<u>31.8</u>
<u>Other expenses</u>			
Change in fair value of investment properties	-	-	19.2
Gain on disposal of port asset	-	-	<u>(2.8)</u>
	==	==	<u>16.4</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>7.5</u>	<u>19.7</u>
<u>Share of results of associate</u>			
Group's share of effect on taxation charge as a result of withdrawal of Industrial Buildings Allowances	==	==	<u>1.0</u>
<u>Taxation</u>			
Current taxation:			
Tax effect of amount receivable less costs from a guarantor of a port tenant	-	-	0.5
Tax effect of write-down of property inventory	-	-	(7.9)
Tax effect of provision for property bad debt	-	-	(1.1)
Tax effect of gain on disposal of port asset	-	-	<u>0.2</u>
	==	==	<u>(8.3)</u>
Deferred taxation:			
Tax effect of gain on disposal of port asset	-	-	(0.0)
Tax effect of change in fair value of investment property	-	-	(8.6)
Tax effect of withdrawal of Industrial Buildings Allowances	-	-	<u>27.2</u>
	==	==	<u>18.6</u>
Total taxation	==	==	<u>10.3</u>

The Group has restricted its share of the reduction in fair value of the Ocean Terminal Shopping Centre to £2.4m in accordance with IAS 28 and the Group's accounting policy. At 30<sup>th</sup> June 2009, the Group's net investment in Ocean Terminal Limited is nil. If the Group was to reflect its full share of the movement in fair value, this reduction of £2.4m would increase by £2m.

10. The taxation charge for the six months to 30th June 2009 has been provided on the basis of the estimated effective tax rate for the year to 31st December 2009 being 28.6% (2008 – 28.5%).
11. The basic earnings per share calculation is based on the weighted average of Ordinary Shares in issue in the six months ended 30th June 2009 of 45.5 million (2008 – 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 2009 of 45.9 million (2008 – 45.8 million). Underlying earnings are defined in Note 18. 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
<b>Six months ended 30<sup>th</sup> June 2008</b>			
Opening net book amount at 1st January 2008	223.1	182.9	41.6
Additions	14.6	0.2	0.0
Transfers between asset categories	(13.5)	13.5	-
Depreciation and amortisation (net of grant amortisation)	(6.7)	-	(0.7)
Disposals	(0.1)	(0.0)	-
Increase in fair value – to reserves	—	<u>24.5</u>	—
<b>Closing net book amount at 30<sup>th</sup> June 2008</b>	<u>217.4</u>	<u>221.1</u>	<u>40.9</u>
<b>Year ended 31st December 2008</b>			
Opening net book amount at 1st January 2008	223.1	182.9	41.6
Additions	24.4	0.0	0.1
Transfers between asset categories	(14.9)	17.2	-
Depreciation and amortisation (net of grant amortisation)	(13.2)	-	(1.4)
Disposals	(0.1)	(0.1)	-
Increase in fair value – to Income Statement	-	(19.2)	-
– to reserves	—	<u>24.9</u>	—
<b>Closing net book amount at 31st December 2008</b>	<u>219.3</u>	<u>205.7</u>	<u>40.3</u>
<b>Six months ended 30<sup>th</sup> June 2009</b>			
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>2.4</u>	—
<b>Closing net book amount at 30<sup>th</sup> June 2009</b>	<u>214.5</u>	<u>208.6</u>	<u>39.6</u>

Consideration was given to the carrying value of the intangible assets due to the effects of the economic downturn. It was concluded that their carrying value remained appropriate as at 30<sup>th</sup> June 2009.

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

	Unaudited six months to 30.6.09 £m	Unaudited six months to 30.6.08 £m	Audited year to 31.12.08 £m
Profit/(loss) before tax	12.4	9.0	(30.7)
Adjustments for:			
- decrease in fair value of investment properties	-	-	19.2
- net finance costs	5.3	6.3	11.9
- write-down of property inventory	-	-	27.7
- provision for property bad debts	-	-	3.9
- amounts receivable from guarantor of a port tenant less costs	-	-	(1.7)
- share of results of joint ventures	1.8	8.3	21.4
- share of results of associates	(0.5)	(1.6)	(1.5)
- depreciation of property, plant and equipment and amortisation of intangibles	7.4	7.4	14.6
- gain on sale of property, plant and equipment	(0.0)	(0.0)	(2.8)
- (decrease)/increase in provisions	(0.1)	(0.1)	0.9
- decrease in retirement benefit obligations	(0.5)	(1.2)	(6.3)
- transfer to property, plant and equipment from inventories	-	-	(2.3)
- share based payment	0.6	0.7	1.9
Movement in working capital:			
Increase in inventories	(0.9)	(2.9)	(4.4)
(Increase)/decrease in receivables	(1.3)	5.5	8.5
Increase/(decrease) in payables	0.9	0.7	(1.5)
<b>Cash generated from operations</b>	<b>25.1</b>	<b>32.1</b>	<b>58.8</b>

#### Reconciliation of increase/(decrease) in cash and cash equivalents to movement in net debt

Increase/(decrease) in cash and cash equivalents	1.7	(0.7)	(2.6)
Cash outflow/(inflow) from decrease/(increase) in borrowings	9.2	(6.9)	0.3
Change in net debt resulting from cash flows	10.9	(7.6)	(2.3)
Amortisation of loan arrangement fees	(0.2)	(0.1)	(0.2)
Movement in net debt	10.7	(7.7)	(2.5)
Opening net debt	(208.0)	(205.5)	(205.5)
<b>Closing net debt</b>	<b>(197.3)</b>	<b>(213.2)</b>	<b>(208.0)</b>

#### 14. Analysis of changes in net debt

	At 1.1.09 £m	Cash flow £m	Other movement £m	At 30.6.09 £m
Cash at bank and on deposit	4.7	1.7	-	6.4
Debt due outwith one year	(212.6)	9.2	(0.2)	(203.6)
Borrowings - finance leases	(0.1)	0.0	-	(0.1)
<b>Total net debt</b>	<b>(208.0)</b>	<b>10.9</b>	<b>(0.2)</b>	<b>(197.3)</b>

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

#### 15. Dividends per share

	Unaudited six months to 30.6.09 pence	Unaudited six months to 30.6.08 pence	Audited year to 31.12.08 pence
<b>Dividends per share</b>			
Final dividend 2007	-	31.95	31.95
Final dividend 2008	12.0	-	-
Interim dividend 2008	-	-	16.6
	12.0	31.95	48.55
	£m	£m	£m
<b>Total paid in respect of dividends (less dividends received by employee share option plan trust)</b>			
Final dividend 2007	-	14.5	14.5
Final dividend 2008	5.4	-	-
Interim dividend 2008	-	-	7.5
	5.4	14.5	22.0

A dividend of 9.5p per share totalling £4.3m is proposed as the interim dividend for 2009. This has not been provided for in the condensed financial statements.

#### 16. Related party transactions

During the six month period ended 30th June 2009, the Group entered into material transactions with related parties as follows:

Nature of Transactions and Related Party	Nature of Relationship	Value of Transactions 2009 £m	Value of Transactions 2008 £m	Amount Receivable at 30.6.09 £m	Amount Receivable at 30.6.08 £m
<b>Management charges, port and other charges</b>		1.8	1.1	0.5	0.1
Tilbury Container Services Limited	Associated company				
<b>Interest and loans</b>		0.4	0.7	3.9	22.0
Ocean Terminal Limited	Joint venture company				

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

## 17. Retirement benefit obligations – changes in assumptions

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

	As at 30.6.09	As at 31.12.08
<b>Main actuarial assumptions</b>		
Discount rate	6.20%	6.40%
Price inflation	3.20%	2.75%
Salary growth	4.45%	4.00%

Assumptions regarding mortality have not changed since 31<sup>st</sup> December 2008.

## 18. 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/property operating profit refers to the reported group/port/property operating profit adjusted to exclude the effect of any revaluation of the investment properties, amortisation charge arising from acquisitions 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.

## 19. 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 25. 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 2008 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 either section 237(2) or section 237(3) of the Companies Act 1985.

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.

20. The interim statement will be posted to shareholders on 4<sup>th</sup> September 2009. 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 31<sup>st</sup> December 2008.

BY ORDER OF THE BOARD

C.G. Hammond  
GROUP CHIEF EXECUTIVE

W.W. Murray  
GROUP FINANCE DIRECTOR

## **INDEPENDENT REVIEW REPORT TO FORTH PORTS PLC**

### **Introduction**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30<sup>th</sup> June 2009, which comprises the income statement, balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly 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 set of financial statements included in this half-yearly 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 set of financial statements in the half-yearly 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 set of financial statements in the half-yearly financial report for the six months ended 30<sup>th</sup> June 2009 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

27<sup>th</sup> August 2009