RNS Number : 9752C
Longships PLC
08 September 2008
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LONGSHIPSÂ PLC

INTERIM REPORTÂ AND UNAUDITEDÂ CONDENSED FINANCIAL STATEMENTSÂ FOR THEÂ PERIODÂ ENDEDÂ 30thÂ JUNEÂ 2008

CHAIRMAN'SÂ STATEMENT

Dear Shareholder,Â

The Company successfully floated on theÂ AIMÂ market of the London Stock Exchange on 21stÂ April 2008.Â During the period under reviewÂ itÂ reportedÂ a net loss of Â£7,151Â and at 30 June 2008 had liquid cash balances of Â£3,341,204. Â Â The loss of Â£7,151 is after the non-cash share based payment charge of Â£21,558. Accordingly the Company has been operating on a cash flow positive basis since the flotation. Â Since the Company's IPO, it has been sourcing and reviewing variousÂ investmentÂ opportunities and although none have so far met our criteriaÂ we will continue to search for a suitableÂ opportunity. IÂ look forward to updating shareholdersÂ as to progress inÂ due course.Â

Craig Niven
8thÂ SeptemberÂ 2008

INDEPENDENT REVIEW REPORT TO THE DIRECTORS OF LONGSHIPSÂ PLC

We have been engaged by the compan y to review the condensed Â financial statements in the interim Â financial report for the period Â ended 30thÂ June 2008 which comprises the income statement, the balance sheet, the cash flow statement, theÂ statement of changes in equity and related notes. We have read the other informat ion contained in the interimÂ financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The interimÂ financial report is the responsibility of, and has been approved by, the directors. The directors are responsib le for preparing the interim Â financial report in accordance with theÂ AIMÂ Rules of the London Stock Exchange.

As disclosed in noteÂ 2, the financial statements of the company Â are prepared in accordance with International Financial Reporting Standards Â as adopted by the European Union. The condensedÂ financial statements included in this interimÂ financial report have been preparedÂ 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 co nclusion on the condensed Â financial statements in the interim Â financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UKÂ andÂ Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in theÂ 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 (UKÂ andÂ 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 b elieve that the condensedÂ Â financial statements in the interim Â financial report for the period Â endedÂ 30th June 2008Â is not prepared, in all material respects, in accordance withÂ theÂ AIMÂ Rules of the London Stock ExchangeÂ and International Accounting Standard 34 as adopted by the European Union.

F.W. SMITH, RICHES & CO.
Chartered Accountants
London,
8th SeptemberÂ 2008

CONDENSEDÂ INCOME STATEMENTÂ
FORÂ THEÂ PERIODÂ ENDEDÂ 30thÂ JUNE 2008Â Â Â
Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â
Â Â

	Period to 30/06/08 Unaudited Â£
NET TRADING INCOME	**-**

Share based payment charge	**(21,588)**
Other operating expenses	**(25,369)**

Total operating expenses	**(46,957)**

OPERATING LOSS	**(46,957)**
Finance income	**39,806**

LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	**(7,151)**
Taxation	**-**

LOSS FOR THEA PERIOD	**(7,151)**
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Loss per share (pence) - basic and fully diluted	**(0.07)p**
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CONDENSEDÂ BALANCE SHEET AS AT 30thÂ JUNEÂ 2008

	As at 30/06/08 Unaudited Â£
CURRENT ASSETS	
Trade and other receivables	**7,438**
Cash and cash equivalents	**3,341,204**

	3,348,642
CURRENT LIABILITIES	
Trade and other payables	**(16,433)**

NET CURRENT ASSETS	**3,332,209**

NET ASSETS	**3,332,209**
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CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS	
Share capitalÂ	**230,800**
Share premium account	**3,086,972**
Share based payment reserve	**21,588**
Retained earnings	**(7,151)**

TOTAL EQUITY	**3,332,209**
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CONDENSEDÂ CASHÂ FLOWÂ STATEMENTÂ
FOR THEÂ PERIODÂ TO 30thÂ JUNEÂ 2008

	Â Â	**Period Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â to 30/06/08 Unaudited** Â£
Net cash outflow from operating activitiesÂ Â	3	**(16,374)**
Cash flows from investing activities		
Interest received		**39,806**
Cash flows from financing activities		
Net proceeds from issue of share capital		**3,317,772**
Net increase in cash and cash equivalentsÂ Â		**3,341,204**
Cash and cash equivalents at beginning of period		**-**
Cash and cash equivalents at end of period		**3,341,204**
		==============

CONDENSEDÂ STATEMENT OF CHANGES IN NET EQUITYÂ
FOR THEÂ PERIODÂ TO 30thÂ JUNE 2008

	Share capital Â£	Share premium Â£	ShareÂ based payment reserve Â£	Retained earnings Â£	Total Â£
- AtÂ 20thÂ DecemberÂ 2007 -	-	-			
3,173,200 Shares issued for cash -	-	**3,404,000**			
- Loss forÂ periodÂ ended 30thÂ June 2008 -		**(7,151)**		**(7,151)**	
(86,228) Share issue costs -	-	**(86,228)**			
- Share-based payments **21,588**	-	**21,588**			
__________ __________	__________	__________			
3,086,972 At 30thÂ June 2008 **21,588**		**3,332,209**		**(7,151)**	
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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2008

1.Â Â Â Â Â GENERAL
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Â Â Â Â The interim financial statements for theÂ period from 20thÂ December 2007 toÂ 30thÂ June 2008Â are unaudited and were approved by theÂ Directors of the Company onÂ Â 8thÂ SeptemberÂ 2008. TheÂ condensedÂ financial information set out above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.Â

Â Â Â Â The financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting".Â Â The Company's operations are not subject to seasonality or cyclicality.

2.Â Â Â Â Â ACCOUNTING POLICIES
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Accounting convention
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Â Â Â Â As there are no prior financial statements the principal accounting policies areÂ summarisedÂ below. They have all been applied consistently throughout the period covered by these financial statements.

Basis ofÂ preparation

Â Â Â Â TheÂ finance information has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared in accordance with IFRS as adopted by the European Union.
Â Â Â Â

Trading income

Trading incomeÂ is recognised to the extent that it is probable that economic benefit will flow to theÂCompanyÂ and theÂ trading incomeÂ can be reliably measured.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash, subject to insignificant risk of changes in value, and have a maturity of less than 3 months from the date of acquisition.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash in hand and bank deposits.

Taxation

The tax currently payable is based on the taxable profit for theÂ period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. TheÂ Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

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Deferred taxation

Deferred income tax is provided for using the liability method on temporary timing differÂences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in full for all temporary differences. Deferred tax assets are recognised for all deductible temporary differÂences carried forward of unused tax credits and unused tax lossesÂ to the extent that it is probÂable that taxableÂ profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused losses can be utilised.

The carrying amount of deferred income tax assets isÂ assessedÂ at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assetsÂ are reassessed at each balanceÂ sheet date and are recognised to the extent that is probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Share-based payments

CertainÂ DirectorsÂ of theÂ CompanyÂ receive remuneration in the form of share-based payment transactionsÂ (equity-settled transactions).

The cost of equity-settled transactions isÂ determinedÂ with reference to the fair value at the date on which they were granted. The fair value is determined by using theÂBlack-Scholes option pricing model.Â

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reÂporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end ofÂ that period.

Â Â Â Â The dilutive effect of the outstanding options is reflected as additional dilution in the compuÂtation of earnings per share.
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Â Â Â Â **Financial instruments**

Â Â Â Â Financial assets and financial liabilities are recognised on theÂCompany'sÂ balance sheet when theÂ CompanyÂ becomes a contractual party to the instrument.

Â Â Â Â Trade receivables
Â Â Â Â
Â Â Â Â Trade receivablesÂ are recognised initially at their fair value which equates to their nominal value as reduced by appropriateÂprovisionÂ forÂ irrecoverable amounts and subsequently at amortised cost.

Â Â Â Â Trade payables
Â Â Â Â
Â Â Â Â TradeÂ payables are recognised initially at their fair value and subsequently at amortised cost.

Accounting judgements and key sources of estimation uncertainty

Â Â Â Â The preparation of financial statements in accordance with IFRSÂ requires management to make estimates and assumptions in certainÂ circumstances that affect reported amounts. The most sensitiveÂ estimate affecting the financial statementsÂ isÂ the area ofÂ share based payments.Â ActualÂ outcomes may therefore differ from these estimates and assumptions. TheÂ estimates and assumptions that have the most significant impact on theÂ carrying value of assets and liabilities of theÂ CompanyÂ within the next financialÂ year are discussed below.

Â Â Â Â ***Share based payments***

Â Â Â Â In determining the fair value of equity settled share based payments and the related charge to the income statement, theÂCompanyÂ makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on further estimates including theÂ Company'sÂ future dividend policy, employee turnover, the timing of the exercise of options and the future volatility in the price of theÂCompany'sÂ shares. Such assumptions are based on publicly available information and reflect market expectations. Different assumptions from those used (which are disclosed in noteÂ 6) could materially affect the reported value of share based payments. TheÂ Company hasÂ recognisedÂ a corresponding increase in equity in accordance with IFRS 2 by crediting "Share based payment reserve" (a component of equity) for the issue of shares in connection with the share options.

Standards and interpretations issued but not yet effective

Â Â Â Â TheÂ CompanyÂ has not early adopted the following new and amended IAS, IFRS and IFRIC Interpretations issued. The relevant new and amended IAS, IFRS and IFRIC Interpretations will be adopted when they become effective.

- IFRS 8Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Operating Segments
- IAS 23Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Borrowing Costs
- IFRIC 11/IFRS 2Â Â Group and Treasury Share Transactions
- IFRIC 12 ÂÂ Â Â Â Â Â Â Â Â Â Â Â Â Service Concession Arrangements
- IFRIC 13 ÂÂ Â Â Â Â Â Â Â Â Â Â Â Customer Loyalty Programs
- IFRIC 14/IAS 19Â Â The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRS 8 Operating Segments

Â Â Â Â IFRS 8 wasÂ issuedÂ in November 2006 and becomes effective for financial years beginning on or afterÂ1stÂ January 2009. IFRS 8Â replaces IAS 14 Segment Reporting and adopts a management-based approach to segment reporting. The information reportedÂ would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the statement of assets and liabilities and statements of operations and entities will need to provide explanations and reconciliations of the differences.Â

IAS 23 Borrowing Costs

Â Â Â Â A revised IAS 23 was issued in March 2007, and becomes effective for financial years beginning on or afterÂ1stÂ January 2009. The standard has been revised to requireÂ capitalisationÂ of borrowing costs when such costs relate to a qualifyingÂ asset. A qualifyingÂ assetÂ is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. IAS 23 is not relevant to theÂ Company.
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IFRIC 12 Service Concession Arrangements

Â Â Â Â IFRIC 12 was issued in November 2006, and becomes effective for financial years beginning on or afterÂ1stÂ January 2008.Â ThisÂ interpretationÂ gives guidance on the accounting by operators for public-to-private service concession arrangements. IFRIC 12 is not relevant to theÂ Company.

IFRIC 13 Customer Loyalty Programs

Â Â Â Â IFRIC 13 was issued in June 2007 and becomes effective for annual periods beginning on or afterÂ1stÂ July 2008. This interpretation requires customer loyalty award credits to be accounted for as a separate component of the salesÂ transactionÂ in whichÂ theyÂ are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. TheÂ CompanyÂ expects that this interpretation will have no impact on theÂCompany's financial statements as no such schemes currently exist.

IFRIC 14/IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Â Â Â Â IFRIC 14 was issued in July 2007 and becomes effective for annual periods beginning on or afterÂ1stÂ January 2008. This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can beÂ recognisedÂ as an asset under IAS 19 Employee Benefits. TheÂCompanyÂ expects that this interpretation will have no impact on the financial position or results of theÂ CompanyÂ as no such schemes currently exist.

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3.Â Â Â Â Â CASH FLOWS FROM OPERATING ACTIVITIES

	Period to 30/06/08 Unaudited
	Â£
Loss before taxation	**(7,151)**
Adjustments for:	
Interest income	**(39,806)**
Equity-settled share options	**21,588**
	(25,369)
Increase in receivables	**(7,438)**
Increase in payables	**16,433**
Net cash from operating activities	**(16,374)**

4.Â Â Â Â Â LOSS PER SHARE

	Six months to 30/06/08 Unaudited
Weighted average number of ordinary shares in issue	**10,654,229**
Loss after taxation	**Â£(7,151)**
	(0.07)p

Â Â Â Â Â Due to there being a loss during the period the share options are anti-dilutive and therefore no diluted loss per share has been presented.

5.Â Â Â Â Â NETASSETVALUE PER SHARE

Â Â Â Â The â€œbasicâ€ net asset value per share figures are calculated on the basis of the net assets attributable to equity shareholders divided by the number of ordinary shares in issue at the relevant dates.

Â Â Â Â Â As the exercise price of the share options is above the â€œbasicâ€ net asset value per share the share options are anti-dilutive and therefore a â€œfully dilutedâ€ net assets per share has not been calculated.

6.Â Â Â Â Â SHARE CAPITAL

Â Â Â Â Â Â Â Share options

Â Â Â Â Â Â The Company granted and issued share options over ordinary shares in the Company as follows:

Date granted	*Parties*	*Exercise price*	*Number of shares*	*Final Exercisable date*
21/04/08	C Cannon-Brookes	20p	500,000	21/04/15
21/04/08	C Niven	20p	500,000	21/04/15
Options outstanding at 20/12/07			Nil	
Options outstanding at 30/06/08			1,000,000	

The fair value of equity settle share options granted is estimated as at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.Â The following table lists the inputs into the model used for the period ended 30th June 2008.

	2008
Dividend yield on underlying shares	**0%**
Risk free rate	**4%**
Expected volatility	**22.36%**
Average time to expiry	**1 year**
Weighted average share price of options	**20 p**

Â Â Â Â Â The expected life of the options is based on an estimate and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not be the actual outcome.Â

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Â Â Â Â Â Â Â **Authorised share capital:**

Â	**2008** Â
Â	**Â£** Â
100,000,000 Ordinary shares of Â£0.01 each	**1,000,000** Â
Â	Â

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Â Â Â Â Â Â Â **Allotted, called up and fully paid:**

Â	**2008** Â
Â	**Â£** Â
23,080,002Ordinary shares of Â£0.01 each	**230,800** Â
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On 20 December 2007, 2 subscriber shares were issued.

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On 28 February 2008, 8,080,000 shares were issued at 5 pence per share.

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On 21 April 2008, 15,000,000 shares were issued on flotation at 20 pence per share.

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7.Â Â Copies of the interim report are available to the public free of charge from the Company at Level 2, 18 Pall Mall, London, SW1Y 5LU during normal office hours, Saturdays and Sundays excepted, for 14 days from today and are available on the website at www.longshipsplc.com.

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Enquiries:

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Colin Aaronson

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