

LONGSHIPS PLC
INTERIM REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30th JUNE 2011

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to present the Chairman's report for the interim period ending 30 June 2011. During the period under review the Company reported a net loss of £97,241 (six months ended 30 June 2010: £37,378) and as at 30 June 2011 has liquid cash balances of £3,099,008 (30 June 2010: £3,214,038).

During the period under review, the Company focused its attentions on one specific transaction and for much of the period was carrying out legal and commercial due diligence on this target company. The target company's principal asset is a near term revenue generating bulk commodity project in West Africa which your Board believes may generate significant market interest and shareholder value. However, as a result of the due diligence exercise carried out by your Company, certain issues have arisen that have led your Board to conclude that this transaction is unlikely to be consummated in the near term. As a result of this, the fees incurred on this transaction to the balance sheet date have been expensed. We are disappointed that this transaction has not been able to be concluded in a timely manner but we continue to investigate other suitable opportunities. I look forward to updating you with our progress in due course.

Malcolm Burne

Chairman

14 September 2011

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30th JUNE 2011**

	Six months to 30/06/11 Unaudited £	Six months to 30/06/10 Unaudited £	Year to 31/12/10 Audited £
NET TRADING INCOME	-	-	-
Other operating expenses	(104,211)	(39,591)	(92,843)
Total operating expenses	(104,211)	(39,591)	(92,843)
OPERATING LOSS	(104,211)	(39,591)	(92,843)
Finance income	6,970	2,213	10,404
LOSS BEFORE TAXATION	(97,241)	(37,378)	(82,439)
Taxation	-	-	-
LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	(97,241)	(37,378)	(82,439)
Loss per share (pence) – basic and fully diluted	(0.42)p	(0.16)p	(0.36)p

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2011

	As at 30/06/11 Unaudited £	As at 30/06/10 Unaudited £	As at 31/12/10 Audited £
CURRENT ASSETS			
Trade and other receivables	7,263	24,408	8,795
Cash and cash equivalents	3,099,008	3,214,038	3,188,206
	<u>3,106,721</u>	<u>3,238,446</u>	<u>3,197,001</u>
CURRENT LIABILITIES			
Trade and other payables	(27,798)	(17,671)	(21,287)
NET CURRENT ASSETS	<u>3,078,473</u>	<u>3,220,775</u>	<u>3,175,714</u>
NET ASSETS	<u><u>3,078,473</u></u>	<u><u>3,220,775</u></u>	<u><u>3,175,714</u></u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	230,800	230,800	230,800
Share premium account	3,086,962	3,086,962	3,086,962
Share based payment reserve	21,588	21,588	21,588
Retained earnings	(260,877)	(118,575)	(163,636)
TOTAL EQUITY	<u><u>3,078,473</u></u>	<u><u>3,220,775</u></u>	<u><u>3,175,714</u></u>
Net assets per share - basic	<u>13.33p</u>	<u>13.95p</u>	<u>13.76p</u>

**CONDENSED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30th JUNE 2011**

		Six months to 30/06/11 Unaudited £	Six months to 30/06/10 Unaudited £	Year to 31/12/10 Audited £
Net cash outflow from operating activities	3	(96,168)	(57,689)	(91,712)
Cash flows from investing activities				
Interest received		6,970	2,213	10,404
Cash flows from financing activities				
Net proceeds from issue of share capital		-	-	-
Net (decrease) in cash and cash equivalents		(89,198)	(55,476)	(81,308)
Cash and cash equivalents at beginning of period		3,188,206	3,269,514	3,269,514
Cash and cash equivalents at end of period		3,099,008	3,214,038	3,188,206

**CONDENSED STATEMENT OF CHANGES IN NET EQUITY
FOR THE SIX MONTHS ENDED 30th JUNE 2011**

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total
	£	£	£	£	£
At 1 st January 2010	230,800	3,086,962	21,588	(81,197)	3,258,153
Loss for six months ended 30th June 2010	-	-	-	(37,378)	(37,378)
At 30th June 2010	230,800	3,086,962	21,588	(118,575)	3,220,775
Loss for six months ended 31st December 2010	-	-	-	(45,061)	(45,061)
At 31st December 2010	230,800	3,086,962	21,588	(163,636)	3,175,714
Loss for six months ended 30th June 2011	-	-	-	(97,241)	(97,241)
At 30th June 2011	230,800	3,086,962	21,588	(260,877)	3,078,473

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30th JUNE 2011

1. GENERAL

The interim financial statements for the six months ended 30th June 2011 are unaudited and were approved by the Directors of the Company on 14 September 2011. The condensed financial information set out above does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The information given as comparative figures for the period ended 31st December 2010 was extracted from the Company's audited annual financial statements for that financial year. Those financial statements, which represent the statutory accounts for that year, and on which the auditors gave an unqualified opinion, have been filed with the Registrar of Companies.

The financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting".

The Company's operations are not subject to seasonality or cyclicity.

2. ACCOUNTING POLICIES

The principal accounting policies and methods of computation have remained unchanged from those used in the preparation of the Company's 2010 annual financial statements.

3. CASH FLOWS FROM OPERATING ACTIVITIES

	Six months to 30/06/11 Unaudited £	Six months to 30/06/10 Unaudited £	Year to 31/12/10 Audited £
Loss before taxation	(97,241)	(37,378)	(82,439)
Adjustments for:			
Interest income	(6,970)	(2,213)	(10,404)
Taxation paid	-	-	-
	<u>(104,211)</u>	<u>(39,591)</u>	<u>(92,843)</u>
Decrease/(increase) in receivables	1,532	(16,279)	(666)
Increase/(decrease) in payables	6,511	(1,819)	1,797
Net cash from operating activities	<u><u>(96,168)</u></u>	<u><u>(57,689)</u></u>	<u><u>(91,712)</u></u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30th JUNE 2011**

4. LOSS PER SHARE

	Six months to 30/06/11 Unaudited	Six months to 30/06/10 Unaudited	Period to 31/12/10 Audited
Weighted average number of ordinary shares in issue	23,080,002	23,080,002	23,080,002
(Loss)/profit after taxation	£(97,241)	£(37,378)	£(82,439)
(Loss)/earnings per share	(0.42)p	(0.16)p	(0.36)p

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

5. NET ASSET VALUE PER SHARE

The “basic” 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.

As the exercise price of the share options is above the “basic” net asset value per share the share options are anti-dilutive and therefore a “fully diluted” net assets per share has not been calculated.

- 6.** Copies of the interim report are available to the public free of charge from the Company at 2nd Floor, 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.