

Falkland Islands Holdings PLC
04 August 2004

Falkland Islands Holdings plc

AGM Statement

At today's Annual General Meeting of Falkland Islands Holdings plc, the Chairman David Hudd will make the following statement:

'Since we issued our preliminary announcement on 23 June 2004, the trading background in the Falklands has not changed. However, good performances from Retailing and improved returns from Management Services have more than compensated for losses in the Fishing Agency and Hotel operations. As a consequence, the Group's trading results in the first quarter showed an improvement over last year.

Following the announcement of the Group's results in June 2004, the Company's balance sheet was strengthened by an institutional placing of approximately 5% of the Company's share capital, producing net proceeds of £747,000.

The Group has investments in two joint ventures for, respectively, onshore minerals exploration and offshore oil exploration. Whilst these investments remain by their nature speculative, both ventures have made good progress in securing funding, advancing their exploration plans and in crystallising value.

Falkland Minerals Limited (in which the Group has a 22.5% equity interest) and Falklands Oil & Gas Limited (in which the Group has a 28.9% equity interest) have recently been established by the participants in those joint ventures and their admission to AIM is part of the strategic objectives of the board of each company.

In Falkland Minerals Limited, the analysis and modelling of the onshore aero magnetic survey for minerals is nearing completion and the initial results are encouraging. The survey has identified over 20 possible drilling targets which are being evaluated and a drilling programme is being designed and will commence later this year.

In Falkland Oil & Gas Limited, work is proceeding on the design of a 2D seismic survey of the offshore areas of interest which it is hoped to carry out in the Austral Summer this year.

We have recently increased our shareholding in Portsmouth Harbour Ferry Company PLC so that we now hold 26.4% of that company's issued share capital, after having initially purchased 21.6% in May 2004. Our total outlay on this investment is £932,000. As we expected, the funding application for a tram system including a tunnel under the harbour, which would have provided an alternative transport route, was rejected by Government'.

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Enquiries:

Falkland Islands Holdings
David Hudd, Chairman

07771 893 267

College Hill
Nick Elwes

020 7457 2020

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