**10April 2015**

**Falkland Islands Holdings plc**

**(“FIH” or “the Group”)**

**Pre-Close Trading Update**

Falkland Islands Holdings plc (“FIH”), the AIM quoted international specialist services group with businesses in the Falkland Islands and UK is pleased to provide the following update on trading for the year ended 31 March 2015.

**Trading in the second half was in line with expectations.**

Mirroring the trends seen in the first half of the year, there has been a continued strong performance from the Falkland Islands Company (“FIC”) and as expected, a lower level of activity, compared to last year, at the Group’s art handling and logistics business Momart, following its exceptional prior year performance. Trading at the Group’s passenger ferry business (“PHFC”) was in line with the prior year.

The Group’s overall trading performance for the year to 31 March 2015 is expected to show a small decrease in underlying pre-tax profits (before amortisation and non-trading items) compared to the record levels seen in the prior year.

In addition, the Group enjoyed a non trading pre-tax profit of £0.7million on the sale of 7.825million FOGL shares in March 2015.

**Future Strategy and Dividends**

The Board is keen to focus on a long term growth strategy to fully develop the potential of its existing businesses in both the Falklands and the UK and believes that a policy of re-investing profits to support accelerated growth will yield long term benefits for shareholders. Significant investment opportunities exist in both the Falkland Islands, where the Group is well placed to capitalise on the recent further positive news of commercial oil discoveries, and in the UK where the Group already has two strong specialist services businesses. The Group will seek to develop its UK presence further through both organic and acquisition led growth.

It is the Board’s considered view that the Group can best take full advantage of existing and emerging opportunities by a policy of maximising the reinvestment of profits and suspending dividend payments in order to accumulate resources to build a much more substantial group with greater critical mass in its respective markets. We believe this more focused long term approach will have more appeal for existing and prospective investors and offer much greater shareholder liquidity. The Board is confident that this new approach and focus will lead to more certain capital growth and greater overall returns for shareholders in the long term.

In accordance with this increased focus on investment and growth, the Board has decided to cease dividend payments until further notice.

**Operational Highlights**

* **Falkland Islands Company (“FIC”)** – After the subdued trading in the prior year, the Falklands economy recovered sharply, buoyed by a record squid catch, increased government spending and an uplift in economic activity in preparation for the latest exploration drilling programme which commenced in March 2015. FIC’s retail business saw increased demand and housebuilding and car sales were buoyant. FIC also saw an increased contribution from its construction Joint Venture, “SAtCO” which benefited from oil related construction contracts. With steady growth in its other service businesses including the fishing agency, property rental and insurance, contribution from FIC is expected to show welcome growth on the prior year with the prospect of more to come in a busy 2015-16.
* **Momart** – After an exceptional prior year Momart produced a steady performance in the face of a fiercely competitive UK and international market which saw a squeeze on both sales revenues and margins. Further investment in marketing and management information systems, which increased overheads during the year, is expected to create a stronger platform for growth in the coming year. This will be reinforced by a 25% expansion in the Company’s state of the art storage facilities which is now underway.
* **Portsmouth Harbour Ferry Company (“PHFC”)** – Despite a generally improving local economy, following the closure of BAE Systems shipbuilding in Portsmouth in the summer of 2014, passenger numbers declined by c.2% over the prior year. However, fare increases in June 2014 saw a modest increase in overall revenue which was sufficient to maintain the ferry’s trading contribution at a similar level to the prior year. In early 2015, construction of the ferry “Harbour Spirit” was successfully completed and the vessel was delivered to Portsmouth in March 2015. Following final commissioning she will enter service next month.
* **FOGL** – March 2015 saw the commencement of a six well exploration drilling campaign led by Premier Oil and Noble Energy, which has already yielded positive results with further discoveries of commercial oil reserves in the North Falklands basin.
* **Cash and Bank Borrowings** – At 31 March 2015, the Group had cash balances of approximately £7.3 million and bank borrowings of £0.7 million.

The Group’s Preliminary Results for the year ended 31 March 2015 are expected to be released on Monday 8 June 2015.

**Chairman of FIH, Edmund Rowland, commented:**

“The Group has delivered another robust trading performance, in line with expectations, and closes the year with a strong balance sheet and a healthy liquidity position.

“Following my recent appointment as Chairman I am now keen to develop secure foundations for the Group’s long term success with a focus on growth through investment and selective acquisitions, leveraging the Group’s strong cash flow and robust balance sheet.

“In the Falklands we look forward to further positive news from the current exploration drilling programme which could add further to the exceptional long term potential that will flow from the Islands’ ultimate development as an oil producing territory.

“In the UK, the Group has two established highly regarded specialist services businesses; Momart and PHFC, and from this solid base we see further opportunities to develop the scale of the Group’s activities through selective, focussed acquisitions and organic growth.

“For the year ahead we anticipate increased activity in the Falklands as the drilling campaign progresses and continued good returns from Momart and PHFC.”

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**Enquiries:**

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