

Falkland Islands Holdings PLC
19 November 2004

Press Release

Falkland Islands Holdings plc

Offer for

The Portsmouth Harbour Ferry Company PLC

For immediate release

19 November 2004

The Board of Falkland Islands Holdings PLC ('FIH') is pleased to announce an improvement in the terms of its offer for the whole of the issued share capital of The Portsmouth Harbour Ferry Company PLC ('PHFC') not already owned by FIH ('the Offer').

The original Offer consideration comprised 7 new FIH Shares for each PHFC Share ('the Share Offer') or a Part Cash Alternative of £25 in cash and £10 in Loan Notes for each PHFC Share.

The FIH Board announces that a third option is now available, namely a Full Cash Alternative of £35 in cash payable for each PHFC Share. The Offer of the Part Cash Alternative, £25 in cash and £10 in Loan Notes still stands and may be advantageous for the tax positions of certain PHFC Shareholders. The Share Offer is unchanged. The current value of the Share Offer is £47.25 per PHFC Share, based on the mid-market price of 675p per FIH Share at close of business on 18 November 2004.

The Offer is now final and will not be increased.

Those PHFC Shareholders who have already accepted either the Share Offer or the Part Cash Alternative are able to change the form of their acceptance and opt for the Full Cash Alternative by completing a new Form of acceptance which will be posted to them shortly.

The Takeover Code requires that an Offer remains open for at least 14 days following any revision. Accordingly the FIH Board is pleased to announce that the closing date of the Offer has been extended to 1pm 10 December 2004.

In order to increase its holding in PHFC, regardless of the outcome of the Offer, FIH is seeking to acquire further PHFC Shares for either £35 in cash or £25 in cash and £10 in Loan Notes. If its shareholding is increased to 30% or more of PHFC's issued share capital, the Offer will become a mandatory Offer under Rule 9 of the Takeover Code.

FIH has waived all the conditions of the Offer except for the acceptance condition and (in relation to the Share Offer only) the Admission of the New FIH Shares to trading on AIM.

As at 3pm today acceptances of the Offer have been received in respect of 37,471 PHFC Shares representing 16.29% of its issued share capital. Prior to the commencement of the offer period FIH held 61,149 PHFC Shares representing 26.58% of PHFC's issued share capital. The aggregate of acceptances received and PHFC Shares held is 98,620 PHFC Shares, representing 42.87% of PHFC's issued share capital.

On 9 November 2004 Falkland Gold and Minerals Ltd ('FGML'), announced that it intends to implement a placing and an offer for subscription to raise up to £8m and to apply for the admission of its shares to trading on AIM. FIH currently has a 21.1% interest in FGML

Enquiries

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The issue of this announcement has been approved by the board of FIH. The Directors of FIH are the persons responsible for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the directors of FIH accepts responsibility accordingly.

Dawnay, Day Corporate Finance Limited ('Dawnay Day') has confirmed that FIH has sufficient cash resources and facilities to satisfy acceptance of the Full Cash Alternative.

This announcement has been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by Dawnay, Day Corporate Finance Limited ('Dawnay Day'). Dawnay Day, which is regulated by the Financial Services Authority, is acting for FIH and no-one else and will not be responsible to anyone other than FIH for providing the protections afforded to customers of Dawnay Day.

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