

8 September 2015

Falkland Islands Holdings plc

AGM Trading Statement

Falkland Islands Holdings plc ("FIH" or the "Group"), the international services group which owns essential services businesses in the UK and Falkland Islands focussed on transport and logistics, is holding its Annual General Meeting ("AGM") at the offices of FTI Consulting at 200 Aldersgate, London EC1A 4HD at 10 a.m. today.

At the meeting, the Chairman Edmund Rowland, will make the following statement:

"The Group's trading performance for the first five months of the financial year was robust with profitability, as expected, at a lower level than last year following recent investment to strengthen the infrastructure of the Group's operating subsidiaries in the UK. The Group's liquidity position remains strong with cash balances of £9.5million.

"The Board continues to review options to expand its UK operations through strategic acquisitions that will provide both economies of scale and increased business focus. In the Falkland's the significant capital investment undertaken by the Group since the discovery of oil in 2010, leaves FIH well placed to take full advantage of the opportunities which will be associated with oil and gas development. The Board remains confident that oil will be developed in the Falkland's but the timing is likely to be heavily dependent on a recovery in the oil price.

"In the five months since the start of the Group's current financial year, trading activity in the Falkland Islands Company ("FIC") has remained at a high level following the arrival of the Eirik Raude drilling rig in March 2015.

"Retail sales in the company's flagship West Store in the 22 weeks to 30 August 2015 were 2.7% ahead of 2014 levels, albeit a reduction in oil related construction activity saw a fall in sales at Home Builder and Home Living. Property and vehicle rental income benefited from rig support staff being stationed in Stanley for the 2015 drilling programme. However, the slow-down in construction activity reduced southbound third party freight income and this together with increased investment to strengthen the local management team meant overall profitability in FIC remained at levels comparable with last year.

"During the period the Group disposed of its residual shareholding in Falkland Oil & Gas ("FOGL") with the sale of five million shares in May 2015 at a profit of £0.4 million. In the previous 10 years, FIH generated over £8 million in cash proceeds and £5 million in profits from its highly successful investment in FOGL

"In the Falkland Islands, there were positive signs from the first two wells in the exploration drilling programme. Initial results from the Zebedee well were encouraging leading to increased resource estimates at the Sea Lion oil field and the discovery of oil at the Isobel Deep well, has resulted in preliminary estimates of a separate oil accumulation in the North Falkland Basin. Results from the large Humpback prospect in the geologically distinct South Falkland Basin are expected shortly and a further three wells are to be drilled by the end of the year.

"In the UK, Momart had a relatively quiet start to the year with a reduction in revenues from Museum Exhibitions reflecting a lower opening order book at 1 April 2015. The level of Museum work has since recovered and order books at the end of August 2015 are now 12% ahead of the prior year, giving confidence in a stronger second half. During this period we also undertook additional investment in sales, marketing and business development and this together with lower Exhibition revenues meant that profitability in the first five months was lower than last year.

“During the summer, planning permission was received for an expansion of the company’s warehouse facilities in Leyton, East London which will provide a 33% increase in long term storage capacity, when complete in mid-2016.

“At Portsmouth Harbour Ferry Company, passenger numbers in the 22 weeks to date were 3.6% lower than in the prior year although the underlying rate of decline lessened in the second half of the summer helped by new promotional fares and a freeze in the price of 10 trip tickets. On 1 June 2015, other fares were increased at an above inflationary level to help finance the additional depreciation and operating costs linked to the company’s new vessel, Harbour Spirit, which commenced service in June 2015.

At 31 August 2015 the Group had long term bank borrowings of £3.6 million, which were drawn down to fund the fixed asset investment in the ferry business.

“With oil development activities in the Falkland’s still awaiting sanction Until the oil price recovers and there is a confirmed commitment to proceed to production in the Falkland’s, the Group will focus on the development of its existing UK businesses adding to them where possible by synergistic acquisitions to enhance the scale and reach of the Group’s operations.

“A satisfactory trading performance is expected for the full year.”

- Ends -

Enquiries:

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