

8 September 2011

Falkland Islands Holdings Plc

AGM Statement

Falkland Islands Holdings Plc ("FIH" or the "Group"), the international services Group which owns essential services businesses focused on transport and logistics and which has a major shareholding in Falkland Oil and Gas Limited ("FOGL"), is holding its Annual General Meeting ("AGM") at 3.00pm today, 8 September 2011, at the offices of Financial Dynamics, 26 Southampton Buildings, London WC2A 1PB.

At the AGM, Chairman, David Hudd, will make the following statement:

"Overall the Group's financial position remains satisfactory and the results for the first five months of the financial year have been in line with the Board's expectations with continued growth in revenues offset by tightened margins, reflecting increased operating costs and competitive pressure.

"In the Falkland Islands, the illex squid catches in April and May 2011 were markedly better than in recent years and oil exploration drilling has continued to underpin the economy. However, year to date retail sales for the Falkland Islands Company (FIC) are 1% behind 2010 reflecting increased competition and a levelling off in demand after the step change seen last year. In contrast, FIC's other support services operations - property rentals, insurance stevedoring and the fishing agency - have all reported increased activity.

"Momart, the Group's fine art logistics and storage business, has seen strong revenue growth in both its Gallery Services and Museum Exhibitions divisions with an encouraging recovery seen Exhibitions, where the Company continues to be a UK market leader. However, despite tight control of overheads, pressure on margins has largely offset the growth in sales and Momart's overall contribution to the Group is similar to 2010.

"At the Portsmouth Harbour Ferry Company the new pontoon at Gosport was installed in June 2011. The pontoon has been leased to the ferry company for a minimum of 50 years and the capital value of £5 million will be capitalised, offset by the rental liability. The improved facilities and security of tenure offered by the new arrangements are a major advance on the previous situation and provide long term support for the ferry's operations. To offset the resultant increase in pontoon operating costs, fares have been raised by an average of 17.5% following installation. For the year to date passenger numbers have declined by 4%, which is in line with our forecasts.

"The Group's finances remain strong. Bank borrowings are being repaid at the rate of £1 million per year and the Group retains healthy cash balances which provide it with flexibility. Bank interest costs continue to fall, in line with lower bank borrowings and interest cover has improved to even healthier levels.

"The Group retains its holding of 12 million shares in FOGL, which had a market value at the close of business on 7 September 2011 of £6.5 million, equivalent to 70p for every FIH share in issue.

"Assuming approval is granted by shareholders at today's AGM, a final dividend of 5.5p per FIH share will be paid on 14 October 2011 to shareholders registered as at 16 September 2011. This payment will take the total dividend for the year ended 31 March 2011 to 9.5p per share (2010: 9.0p per share). As a result, the annual dividend paid to shareholders will have increased by 58% in the six years since 2005.

"Although we anticipate that the economic environment will continue to prove challenging, the Group's financial position is robust and with its trading businesses well established in their respective markets we are confident that the Group will produce another satisfactory set of results. In the Falklands, we look forward to the arrival of the Leiv Eiriksson rig later this year and the drilling of four wells in the South Falkland basin where the returns in the event of a successful discovery are potentially transformational for the Group."

- Ends -

Enquiries:

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