



Falkland Islands Holdings plc

John Foster - Managing Director

Outlook and Strategy July 2005

FIH - Y/e March 2005 - A Transformational year

- **Purchase UK Ferry business - PHFC**
 - Solid profits and cash flow
- **Exploration activities - AIM Listings :**
 - **Falklands Oil & Gas (FOGL) 18.3% stake July 05 -**
 - 16.8m shares - Current value - £ 21m @ 125p per share
 - **Falklands Gold & minerals (FGML) 14.4% stake**
 - 11.25m shares - current value £3.0m @ 27p per share
- **Expansion FIH Equity base**
 - Expansion funded by issue of 2.1million new shares (+36%)
 - New institutional shareholders -increased liquidity

Progress since 31 March 2005

FIC

- New charter arrangements with Exel / MoD
 - Increased frequency of vessel sailings - shorter supply chain
 - Mitigates impact of increasing charter rates and fuel costs.
- Increased working capital facilities from £0.8m to £2.0m

PHFC

- Fare increase implemented effective June 1 2005 (+ 12.5%)
- Successful IFOS / IFR celebrations - one off boost to current year
- New ferry now operational - lower maintenance costs
- Sale of Cobham Travel subsidiary -at premium to nbv - July 2005 .

FOGL

- £10m placing on 1 June 2005 - to accelerate and widen seismic programme.
£2m investment by FIH
- 2 year extension to Southern license area granted 30 June 2005

FGML

- Early stages of exploration programme - 23 targets identified for drilling

Current Trading Outlook- (Chairman's Statement)

FIC

- Trading satisfactorily despite subdued squid fishing activity (key driver of local economy)
- Oil exploration activity underpinning local confidence & demand
- Scheduled cruise ship passenger numbers + 10% in 2005/6

PHFC

- New operational management now in place
- Passenger volumes recovering following introduction of car park charges

FOGL

- Seismic work progressing well - number of leads increased vs Oct 2004
- Multi -well drilling targeted to begin in 2007

FGML

- Systematic drilling programme commenced

Future Strategy

- Develop existing core businesses
- Make complementary earnings enhancing acquisitions.
- Retain strategic investments in FOGI / FGML

Future Strategy

- Develop existing core businesses

FIC

- Maximise income from strategic property assets & land
 - General economic and demographic trends - increased housing demand
 - Corporate demand -linked to oil exploration activity
- Develop tourist services (town tours/ Island trips)
- Continue steady modernisation of retail sites
- Detailed planning to take advantage of any oil or mineral extraction when /if it arrives

PHFC

- Explore extension of existing ferry services
- Expand corporate private hire / cruising activities
 - Corporate / client entertaining
 - Weddings / special events / parties

Future Strategy

- Acquisitions Criteria
- UK businesses
- Strong cash flow and profitability
- Opportunities for earnings growth through :
 - Effective cost control
 - More commercial approach to revenue generation
- Target Areas :
- Domestic maritime sector - UK Ferry & cruise operators
- Essential service delivery in solid / growing markets

Longer Term Outlook

- Grow existing core businesses where possible
 - Expand and develop growth areas
 - Manage costs
- Retain strategic investments in FOGI / FGML
- Make complementary earnings enhancing acquisitions.
 - Build UK earnings base
- Continue progressive dividend policy