

21st August 2012

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 4% shareholding in Falkland Oil and Gas Limited ("FOGL"), is holding its Annual General Meeting ("AGM") at 11.00am today, 21 August 2012, at the offices of FTI Consulting, 26 Southampton Buildings, London WC2A 1PB.

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

"The Group's trading for the first four months of the financial year has been at a similar level to last year and is in line with the Board's expectations. The successful equity fundraising in June 2012 has given us the resources necessary to take full advantage of emerging opportunities in the Falkland Islands linked to oil development.

"In the Falkland Islands a weaker illex squid catch and limited onshore oil activity has meant that trading has been flat. Retail profits have increased slightly thanks to the expansion of the general store at the MPA military base, improved margins and tighter cost control but this has largely been offset by reduced profits from support services and at the fishing agency.

"At the Portsmouth Harbour Ferry Company, passenger volumes in the first 19 weeks declined by 8.6%. This reflects very poor weather and a deterioration in the employment market in the area. However, the volume decline has been partially offset by fare increases on 1 June 2012 which averaged 3% but profits have fallen back from the record levels achieved last year.

"Momart, the Group's fine art logistics and storage business, has seen continued strong demand particularly in the commercial market and although revenues in the first four months have not quite matched the exceptional levels seen in early 2011-12, the company's order book remains at record levels.

"Following the recent fund raising the Group's share capital has expanded to 12.4 million shares in issue. The liquidity position is very strong with cash on deposit in excess of £10 million and residual bank borrowings of £2.7 million being repaid at the rate of £1 million per year.

"Following the sale of 1.2 million FOGL shares in June 2012, generating a profit of £0.8 million, the Group retains a holding of 12.8 million shares in FOGL. At the close of business on 20 August 2012 the Group's holding had a market value of £11.2 million.

"Assuming approval is granted by shareholders at today's AGM, a final dividend of 7.0p per FIH share will be paid on 19 September 2012, to shareholders registered as at 31 August 2012. This payment will take the total dividend for the year ended 31 March 2012 to 11.0p per share (2011: 9.5p per share). It is the Board's intention to maintain at least the current level of dividend on the enlarged share capital as the Group pursues its plans for the long term expansion of its business in the Falklands.

"Three major oil companies now have an economic interest in the Falkland Islands: Premier Oil has acquired a majority interest in Rockhopper's Sea Lion discovery and Edison International SpA and Noble Energy have farmed into FOGL's licences. Their entry has transformed the outlook for the exploration and development of hydrocarbons in the Falklands. At the same time, we now have the financial capacity to take advantage of the opportunities which will arise. We intend to outline more details of our plans when we announce our interim results in December 2012, by which time the initial results of FOGL's current drilling campaign will be known.

"In the UK we expect our businesses to continue to perform well despite the adverse economic climate."

- Ends-

Enquiries:

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