



David Hudd - Executive Chairman

John Foster - Managing Director

Falkland Islands Holdings plc

Results for the year ended 31 March 2010



Introduction to FIH



- **AIM quoted support services group comprising three market leading, cash generative businesses**
 - Falkland Islands Company: retail, support services and property business operating in the Falkland Islands
 - Portsmouth Harbour Ferry Company : Gosport to Portsmouth passenger ferry service
 - Momart International: specialist transport and logistics company serving fine art market
- ***Core trading businesses provide strong, diversified earnings base and support dividend yield***
- **Also holds an 8.2% stake in Falkland Oil & Gas Limited (FOGL), the AIM quoted oil exploration company**
 - Market value of stake as at 31 March 2010 was £15.5m; as at 31 May 2010 was £23.1m
 - FOGL and BHP Billiton committed to drill 2 wells; drilling on first well commenced on 31 May 2010
- ***FOGL stake provides significant upside potential***
- **Strategy**
 - Maintain organic growth and dividends through continued investment in existing businesses
 - Leverage assets in Falklands to maximise returns from oil exploration activity
 - Bolt on acquisitions to enhance growth
 - Retain major shareholding in FOGL to maximise upside potential

FIH Group financial highlights for year ended 31 March 2010



- Reported pre tax profits of £5.7m (2009: £0.6m loss)
 - Underlying pre tax profits rose 16% to a record £2.7m (2009: £2.3m)
 - Profit on sale of 20% of FIH stake in FOGL of £3.1m
- Earnings per share on underlying profits of 22.0p (2009: 19.0p)
- Proposed dividend increased by 12.5% to 9.0p per share (2009: 8.0p per share)
- Cash at bank as at 31 March 2010 of £3.8m (31 March 2009: £3.0m)
- Net borrowings reduced by 64% to £1.5m at year end (2009: £4.2m)
- 12 million shares in FOGL retained ; 1.3 FOGL shares for every FIH share in issue (254p per FIH share)

FIH Group profit & loss account

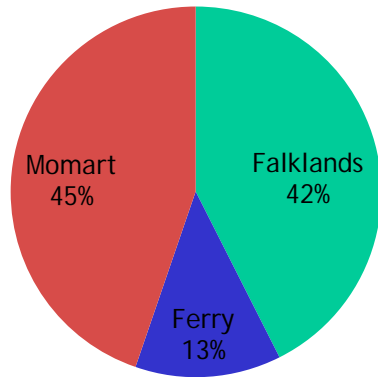


| Year ended 31 March | 2010 £000 | 2009 £000 | Change +/- |
|--|--------------|--------------|--------------|
| Turnover - continuing operations | 29,224 | 32,251 | -9.3% |
| Underlying operating profit | 3,134 | 2,894 | 8.1% |
| Interest (net) incl. pensions costs | (446) | (578) | |
| Underlying pre tax profit (PBT) | 2,688 | 2,316 | 16.1% |
| Intangible amortisation / impairment | (396) | (2,381) | |
| Profit on sale of FOGL shares | 3,089 | - | |
| Profit (loss) on interest collar | 45 | (334) | |
| Other income (expense) | 245 | (228) | |
| Reported pre tax profit (loss) | 5,669 | (627) | |
| Basic EPS on taxed underlying PBT | 22.0p | 19.0p | 15.8% |

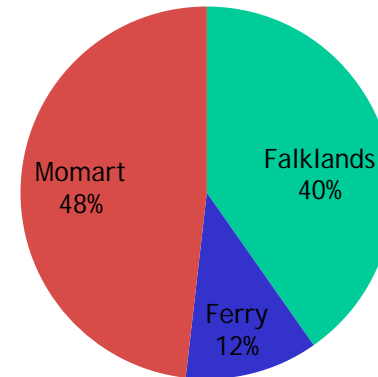
FIH revenue and operating profit split



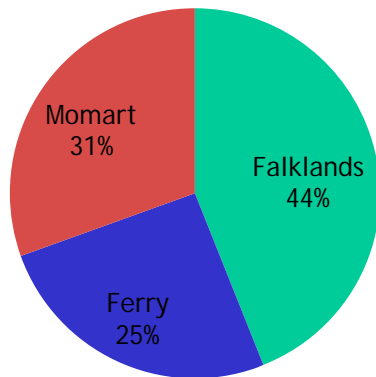
Revenue 2010



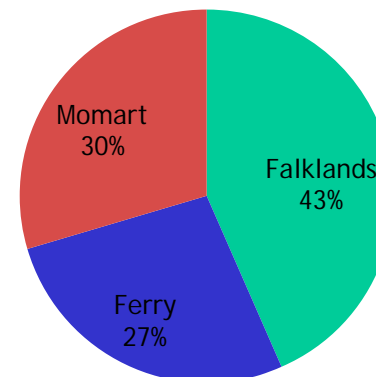
Revenue 2009



Operating Profit 2010



Operating Profit 2009



FIH Group - revenue and profits by company

| Year ended 31 March | 2010 £000 | 2009 £000 | Change +/- |
|--|---------------|---------------|----------------|
| Falklands | 12,434 | 12,991 | -4.3% |
| PHFC | 3,718 | 3,716 | - |
| Momart International | 13,072 | 15,544 | -15.9% |
| Turnover - continuing operations | 29,224 | 32,251 | -9.4% |
| Falklands | 1,377 | 1,256 | 9.6% |
| PHFC | 800 | 782 | 2.3% |
| Momart International | 957 | 856 | 11.7% |
| Operating profit | 3,134 | 2,894 | 8.2% |
| Net bank & other Interest & fees | (314) | (448) | -29.9% |
| Net pension financing costs | (132) | (130) | 1.5% |
| Net financing costs | (446) | (578) | -23.8% |
| Underlying pre tax profit (PBT) | 2,688 | 2,316 | +16.1% |
| Basic EPS on taxed underlying PBT | 22.0p | 19.0p | + 15.8% |

Falkland Islands Company (FIC) Overview



- **Established in 1852 by Royal Charter**
- **Retail**
 - 60% market share from five outlets
- **Motor**
 - Land Rover and Ford vehicle sales and rentals supplying MoD and islanders
- **Support Services**
 - Darwin Shipping: shipping services & stevedoring on MoD vessels
 - Agency Services: for international squid & fishing fleets
 - Insurance Broking: sole local provider
 - Penguin Travel: local tours for tourists
- **Property**
 - Portfolio of 40 residential and commercial properties
 - Land bank of 370 acres
 - Marmont Row residential development

FIC - Year ended 31 March 2010



| Year ended 31 March | 2010 £ million | 2009 £ million | Change % |
|---|-------------------|-------------------|-------------|
| Revenues | | | |
| Retail | 8.08 | 8.01 | 0.9% |
| Automotive | 1.43 | 1.95 | -26.7% |
| Freight | 0.99 | 0.80 | 23.8% |
| Property sales | 0.36 | 0.27 | 33.3% |
| Other services | 1.58 | 1.96 | -19.4% |
| Total FIC revenue | 12.44 | 12.99 | -4.2% |
| Underlying FIC operating profit | 1.38 | 1.26 | 9.5% |
| Underlying operating profit margin (%) | 11.1% | 9.7% | |

- Extension to West Store and oil related retail demand in H2 helped offset increased competition and weaker DIY sales; new retail director appointed
- Poor illex squid catch in April 2009 reduced support services and government license income
- Cruise ship passenger visits down 16%; excursions income lower
- Weaker automotive fleet orders: 41 vehicles sold (2009: 78) but rental income ahead
- Property estate increased to over 40 units
- Freight activity benefitted from increased oil exploration demand

Portsmouth Harbour Ferry Company (PHFC) Overview



- Ferry service for foot, cycle & motor cycle passengers
- Acquired in December 2004
- 5 minute journey across mouth of harbour from Gosport to Portsmouth (1/3 mile)
- Operates 364 days a year, 5.30am - Midnight
- 4 purpose built vessels (2 fully depreciated)
- 3.5 million passenger journeys p.a.
- Dominant local position

PHFC - Year ended 31 March 2010



| Year ended 31 March | 2010 £ million | 2009 £ million | Change % |
|---|-------------------|-------------------|-------------|
| Revenues | | | |
| Ferry fares | 3.50 | 3.46 | 1.2% |
| Other revenue | 0.22 | 0.25 | -15.4% |
| Total PHFC revenue | 3.72 | 3.72 | - |
| Underlying PHFC operating profit | 0.79 | 0.78 | 1.3% |
| Underlying operating profit margin (%) | 21.0% | 21.0% | - |
| Passenger journeys (000s) | 3,516 | 3,672 | -4.2% |

- **Adult return fares increased 4.5% on 1 June 2009 (£2.30)**
- **Passenger journeys down 4.2% to c.3.5million (c.10,000 per day)**
- **Costs tightly controlled**
- **Ferry reliability at 99.9% (2009: 99.8%)**
- **Leisure cruising activities produced small but increased contribution**
- **Discussions at an advanced stage with Gosport Council over replacement of Gosport pontoon with installation expected in Q1 2011**

Momart International Overview



- Specialist transport & logistics company serving fine art market in the UK & overseas; acquired in 2008
- Market leading position with excellent reputation; high barriers to entry
- 3 business streams
 - Museum Exhibitions - consulting, planning, packing, transport and installation
 - Commercial Galleries - logistics services for galleries and artists
 - Storage - 70,000 sq ft of secure warehousing for client storage
- 2009/10 contracts:
 - Baroque: April - July (V & A)
 - Damien Hirst: "Requiem" (Kiev Ukraine)
 - Anish Kapoor: Sept - Dec (Royal Academy)
 - Frieze London: Oct
 - The Real Van Gogh: Jan - Mar (Royal Academy)

Clients



Momart International - Year ended 31 March 2010



| Year ended 31 March | 2010 £ million | 2009 £ million | Change % |
|---|-------------------|-------------------|--------------|
| Revenues | | | |
| Museums & Public Exhibitions | 7.73 | 9.66 | -20.0% |
| Commercial Galleries Services | 3.86 | 4.36 | -11.5% |
| Storage | 1.48 | 1.52 | -2.6% |
| Total Momart revenue | 13.07 | 15.54 | -15.9% |
| Underlying Momart operating profit | 0.96 | 0.86 | 11.6% |
| Underlying operating profit margin (%) | 7.3% | 5.5% | |

- Second full year of contribution from Royal Warrant Holder company
- Improved sales mix; reduced low margin work with foreign agents
- Cost base lower following redundancy programme in March 2009
- Increased efficiency in transport utilisation and customs clearance improved competitive position
- Steady recovery in commercial art market confidence in H2
- Storage income slightly lower but still solid base of recurring revenue

FIH Group balance sheet

| | 31 March 2010 £000 | 31 March 2009 £000 | Change £000 |
|---|-----------------------|-----------------------|----------------|
| Property, plant and equipment | 7,483 | 7,033 | 450 |
| Investment properties | 1,777 | 1,769 | 8 |
| Intangibles & goodwill | 13,509 | 13,907 | (398) |
| Deferred tax assets & sundry other | 693 | 594 | 99 |
| Investment in FOGL at market value | 15,542 | 10,890 | 4,652 |
| Total fixed assets and investments | 39,004 | 34,193 | 4,811 |
| Working capital - Net | 1,231 | (527) | 1,758 |
| Cash | 3,810 | 3,004 | 806 |
| Net operating assets | 44,045 | 36,670 | 7,375 |
| Income tax payable | (683) | (518) | (165) |
| Bank loans & deferred consideration | (5,273) | (7,195) | 1,922 |
| Pension provisions & Deferred tax | (3,852) | (4,090) | 238 |
| Equity shareholders funds | 34,237 | 24,867 | 9,370 |
| Net assets per share (£) | £3.76 | £2.76 | £0.98 |

FIH Group cash flow

| Year ended 31 March | 2010 | 2009 |
|--|--------------|--------------|
| | £000 | £000 |
| Underlying operating profit | 3,134 | 2,894 |
| Depreciation | 907 | 840 |
| Share based payments | 240 | 297 |
| Tax paid | (708) | (1,427) |
| Decrease / increase in working capital | (1,448) | 1,575 |
| Other | 224 | (79) |
| Net cash flow from operating activities | 2,349 | 4,100 |
| Capital expenditure | (1,341) | (1,053) |
| Dividends paid | (1,084) | (722) |
| Net bank interest paid | (341) | (363) |
| Loan repayments | (755) | (608) |
| New loans drawn down | 376 | 166 |
| Cash paid for Momart incl deferred consid. | (1,621) | (1,697) |
| Proceeds from sale of FOGL shares | 3,584 | - |
| Liquidation of derivative / other | (361) | 186 |
| Net Cash Flow | 806 | 9 |

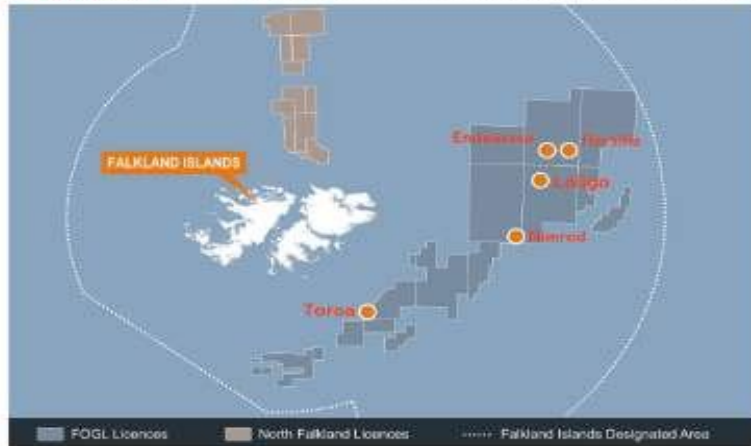
FIH Group net borrowings and liquidity

| | 31 March 2010 £000 | 31 March 2009 £000 | Change £000 |
|--|-----------------------|-----------------------|----------------|
| Bank loans due within 1 year | (1,128) | (500) | (628) |
| Bank loans due after 1 year | (3,974) | (4,988) | 1,014 |
| Contingent consideration due within 1 year | - | (1,573) | 1,573 |
| Other borrowings - leases etc | (171) | (134) | (37) |
| Total borrowings | (5,273) | (7,195) | 1,922 |
| Cash | 3,810 | 3,004 | 806 |
| Net (Borrowings) Cash | (1,463) | (4,191) | 2,728 |
| | | | |
| Net Tangible Assets | 20,728 | 10,960 | 9,768 |
| Capital Gearing - gross | 25.4% | 65.6% | |
| Capital Gearing - net | 7.1% | 38.2% | |
| NOTE | | | |
| Unutilised RCF Facility of £2m as at 31 March 2010 | | | |

FOGL stake



Prospects



- 8.2% stake (12 million shares) with market value of £15.5m at 31 March 2010
- 1.3 FOGL shares held for every FIH share in issue
- FIH sold 3 million FOGL shares on 30 November 2009 at 120p to de-risk investment
- Early indications from Northern Basin are encouraging (Rockhopper Sea Lion prospect)
- BHP Billiton commenced drilling on Toroa prospect 31 May 2010, expected to take 35 days to complete
- 3 other FOGL prospects surveyed including Loligo with 4bn bbl prospect - await specialist deep water rig
- Fully funded for commitment wells & further work
- Significant upside potential remains

FIH strategy

FIC

- Continue to modernise and develop core retail business
- Leverage property assets in Stanley - residential and commercial
- Explore new business areas linked to oil exploration eg building services

PHFC

- Finalise arrangements for new Gosport pontoon
- Invest in 3rd modern ferry
- Integrate service into local public transport system (e ticketing , pax interchange)

Momart

- Continue to increase internal efficiencies in service delivery
- Upgrade Management Information Systems
- Develop lower cost services for commercial clients
- Explore opportunities for overseas expansion / UK bolt ons

FOGL stake

- Retain major shareholding in FOGL to maximise upside potential from oil
- No FIH share issues planned until oil upside clarified

Outlook

FIC

- Oil exploration activity boosting confidence and local demand
- “New” West Store well positioned
- Substantial increase in Southbound freight costs from April 2010
- Revenues still affected by global recession and Antarctic Cruise ship restrictions
- Commercial development of oil discoveries will transform Falklands economy

PHFC

- New pontoon expected by end of FY2011
- Rental costs to be recouped through fare increases
- Further modest falls in passenger numbers expected

Momart

- Commercial art market expected to see continued growth
- Exhibition budgets likely to see further declines with government spending cuts
- Storage revenues expected to remain stable

Overall FIH remains well placed to deliver solid underlying profitability and cash flow

- Diversity of Group continues to provide a strong foundation
- Strong balance sheet with modest net borrowings
- Focus on cost control and maximising oil related opportunities
- Significant potential upside linked to FOGL stake and other Falklands oil and gas exploration

Appendices



Management Team



- **David Hudd, Chairman**

David joined the Board on 4 March 2002. He is a Chartered Accountant and was a partner in Price Waterhouse until 1982. Since then, he has been Chairman or Chief Executive of a number of listed companies. He was, until April 1998, Executive Chairman of Vardon plc (now Cannons Group Limited), a Company he founded. He is currently non-executive Deputy Chairman of Falklands Oil and Gas Limited.

- **John Foster, Managing Director**

John joined the Board on 26 January 2005. He is a Chartered Accountant and previously served as a Plc Finance Director for international software company Macro 4 plc and world famous toy retailer, Hamleys plc. Prior to joining Hamleys, he spent three years in charge of acquisitions and disposals at FTSE 250 company Ascot plc and before that worked for nine years as a venture capitalist with a leading investment bank in the City.

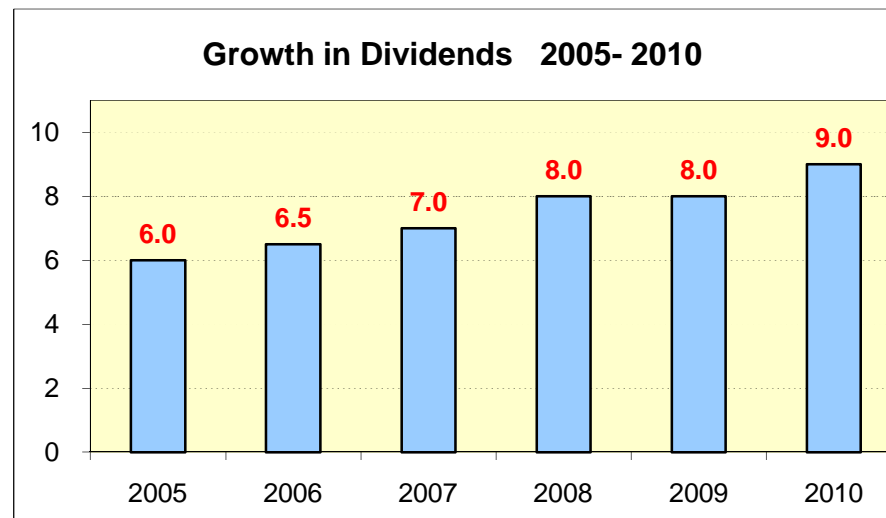
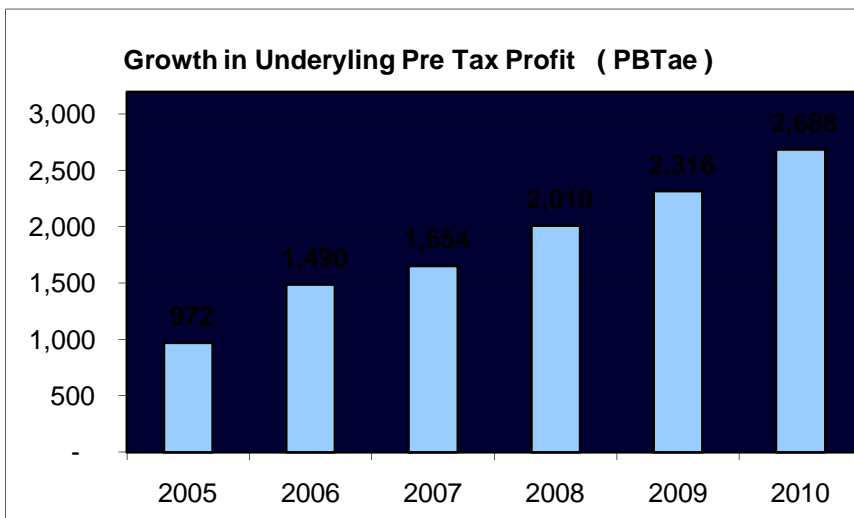
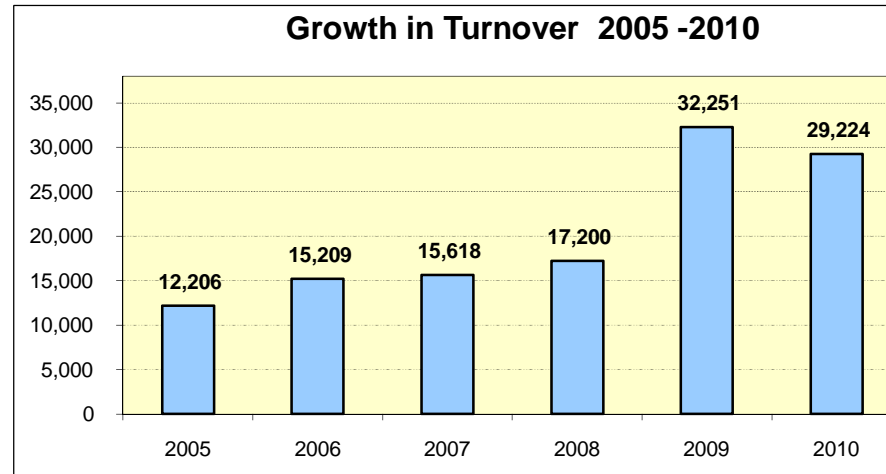
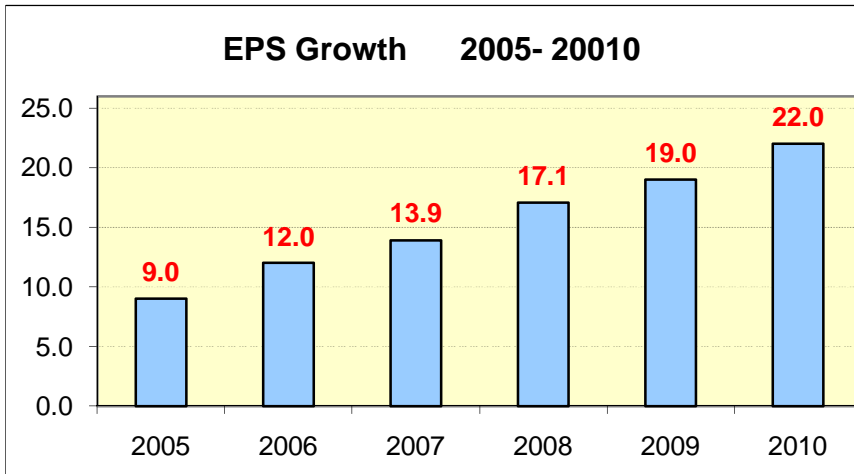
- **Mike Killingley (Non Executive - Chairman of the Audit Committee)**

Mike was appointed to the board on 26 July 2005. He is a chartered accountant and was a partner of KPMG (and predecessor firms) from 1984 to 1998. He is currently non executive chairman of Beales plc, a listed company.

- **Jeremy Brade (Non Executive - Chairman of the Remuneration Committee)**

Jeremy was appointed to the board on 10 September 2009. Jeremy served as an officer in the Gurkhas and then worked in the Foreign Office until 2001. He is a Director of J.O.Hambro Capital Management and a non-executive director of a number of quoted and unquoted companies.

FIH - 6 Year Track Record





Falkland
Islands
Holdings