



**Falkland
Islands
Holdings**

**David Hudd - Chairman
John Foster - Managing Director**

Falkland Islands Holdings – Interim Results – Half Year ended 30 Sept 2009



FIH Interim Results Overview-6 months ended 30 Sept 2009



- Overall Group trading performance in line with expectations
 - Underlying PBTa £1,172k (2008 £ 1,220k) -3.9%
 - Reported Pre Tax Profits £1,224k (2008 £1,014k) + 20.7%
- Diluted EPS on Underlying PBTa - 9.2p (2008 9.2p)
- Strong Balance Sheet
 - Shareholders Funds £33.1m (31 March 2009 £24.9m)
 - Net Debt £5.0m - £7.2m debt less cash £2.2million
 - Bank Interest Covered 7.5 times
 - £3.6million from sale of FOGL on Nov 30th 2009 reduced gearing
- Falkland Oil & Gas (FOGL)
 - £50 million raised in November 2009 to fund its share of 3 wells over coming year
 - 12 million FOGL shares retained post sale - 8.2% stake (1 FIH : 1.32 FOGL shares)

FIH Group Profitability 6 months ended 30 September 2009



	6 Months to 30 Sept 2009 £000	6 Months to 30 Sept 2008 £000	Change +/-
Turnover Continuing operations	13,817	15,828	-12.7%
Trading Profit	1,442	1,476	-2.4%
Pension scheme financing costs etc	(80)	(76)	
Bank Interest net	(190)	(180)	
Underlying Pre Tax Profit (PBTa) (pre-amortisation & non trading)	1,172	1,220	-3.9%
Revaluation of interest rate swap	77	(8)	
Compensation for early vacation of lease	173	-	
Amortisation of Intangibles	(198)	(198)	
Profit Before Tax	1,224	1,014	+20.7%
Diluted EPS (PBTa basis)	9.2p	9.2p	-

FIH : Segmental Analysis - 6 months ended 30 September 2009



6 Months ended 30 September	2009 £000	2008 £000	Change
<u>Turnover</u>			
Momart	6,306	7,987	-21.0
Falklands	5,483	5,816	-5.7%
Ferry	2,028	2,025	-
Total Turnover	13,817	15,828	-12.7%
<u>Underlying PBTa</u>			
Momart	302	531	(229)
Falklands	467	267	200
Ferry	403	422	(19)
Underlying PBTa	1,172	1,220	(48)

Falkland Islands Company FIC

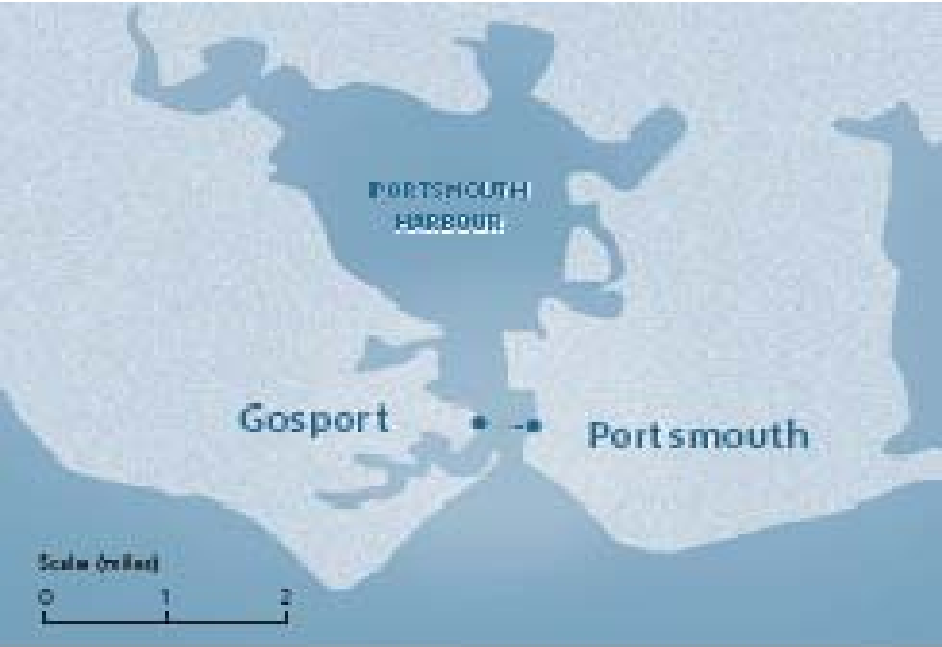


Falklands FIC - 6 Months ended 30 September 2009



- H1 Performance in line with expectations - PBTa £467k - up £200k on 2008 despite failure of squid catch and subdued demand at start of year
- Fishing Agency - £0.2m shortfall vs 2008 following collapse of illex squid catch
- West Store & Capstan - Faced strengthened competition - Sales down 1.0% - margins under pressure but performance recovering by period end.
- Homecare DIY - Volumes down 5% but improved margins - flat overall
- Automotive - Vehicles sales down (15 vs 25) Robust maintenance income
- Overall retail sales - Down 2.4% vs H1 2008 - but positive LFL's in September
- Marmont Row -Development progressing - first 5 units available for sale in Q4
- Residential property - £272k profit (2008 nil) + increased rental contribution
- Darwin Shipping - 3rd party freight revenues slightly ahead of H1 2008
- Insurance and Port services - performed well
- Results in line with expectations - Outlook for H2 lifted by oil exploration activity

Portsmouth Harbour Ferry Company (PHFC)



PHFC - 6 Months ended 30 September 2009

- Solid contribution - PBTa slightly down at £403k (2008 £422k)
- Revenues flat with prior year at £2.0million vs H1 2008
- Passenger numbers down 5% on prior year - but with slowing rate of fall
- Fare increases of 4.5% in June 2009 offset volume decline
 - (Adult daily return now £2.30)
- Costs tightly controlled -fuel prices lower by 10%
- Good progress being made in discussions with Council on replacement of Gosport pontoon
- Steady underlying performance from stable business

Momart International



Momart - 6 Months ended 30 September 2009

- Performance stabilised following downturn in H2 2008-9
- Revenues £6.3m down 21% vs record levels seen in H1 2008
 - Gallery Services revenues 28% down vs record H1 2008
 - Exhibitions - reduction in overseas activity - revenues down 20% vs 2008
- Exhibitions - Baroque (V& A), Kapoor (Royal Academy) & Hirst (Ukraine)
- Basel & Frieze London commercial art fairs performed ahead of expectations
- Storage revenues stable
- More stable Sterling - Gross margins +2% points
- Headcount reduced by 12% in March 2009
- PBTa £302k vs £531k in 2008

FIH Balance Sheet - 30 September 2009



	30 Sept 2009 £000		31 March 2009 £000		30 Sept 2008 £000
Tangible Fixed Assets	8,262		7,672		7,613
Investment properties at cost *	1,804		1,769		1,613
Goodwill & Intangibles	13,709		13,907		16,137
Quoted investments at m.v	18,900		10,890		11,850
Deferred Tax & other assets	598		594		741
Total non current assets	43,273		34,832		37,954
Working Capital - Net	447		(1,166)		2,563
Cash	2,209		3,004		2,221
Corporation tax payable	(751)		(518)		(1,270)
Bank Loans etc due within 1 year	(2,200)		(2,142)		(2,148)
Dividend payable	(722)		-		(722)
Net Current Assets	(1,017)		(7,195)		1,366
Bank Loans etc due after 1 year	(5,002)		(5,053)		(6,914)
Pension Provisions & Def. Tax	(4,086)		(4,090)		(4,141)
Equity Shareholders funds	33,168		24,867		27,543
Net Assets per share	£3.67		£2.74		£3.12

* Market value of properties £4m+

FIH Group Cash flow - 6 Months ended 30 September 2009

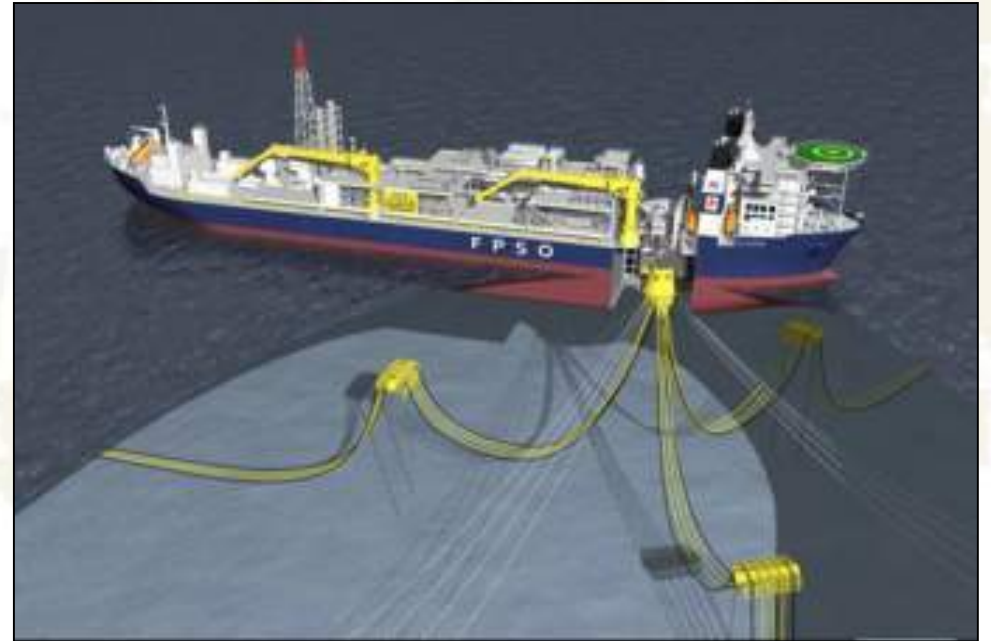


Half year ended	30 Sept 2009 £000	30 Sept 2008 £000
Operating profit	1,417	1,278
Depreciation	424	406
Amortisation of Intangibles	198	198
Provision for share based payments	116	189
Increase in working capital	(1,537)	(1,522)
Net Cash Flow from Operations (incl property sales)	618	549
Net bank interest received /(paid)	(191)	(190)
Tax paid	(108)	(451)
Dividends paid	-	-
Capital expenditure	(1,049)	(692)
Other	(72)	4
Net Cash Flow	(802)	(780)
Net increase in Loans	(7)	(6)
Decrease in Cash	(795)	(774)
Increase in Net Debt	(802)	(780)

FIH Group - Net borrowings and liquidity

	30 Sept 2009 £000	31 March 2009 £000	30 Sept 2008 £000
Bank Loans due within 1 year	2,200	2,142	(2,148)
Bank loans due after 1 year *	5,002	5,053	(6,914)
Total Borrowings	(7,202)	(7,195)	(9,062)
Cash	2,209	3,004	2,221
Net (Borrowings) / Cash	(4,993)	(4,191)	(6,841)
Increase in net borrowings	(802)	2,650	(780)
Net Tangible Assets	19,459	17,693	12,128
* Incl Momart Deferred consideration £1.6m			
Capital Gearing - Net	25.7%	34.3%	56.4%

Falkland Oil & Gas FOGL



Falkland Oil and Gas (FOGL)

- Environmental Impact Assessments completed on 4 prospects -Toroa, Endeavour, Nimrod & Lolligo, by operator BHP Billiton
- FOGL raised £50m with Placing on 26 November 2009 - to fund its share of drilling costs for up to 3wells.
- BHP Billiton and Borders & Southern actively seeking suitable deep water rig
- On 30 November 2009 FIH sold 3million shares in FOGL giving proceeds of £3.6million
- Post sale, FIH retains 12million FOGL shares - 8.2% of enlarged capital
- Shares held CGT free in Falklands tax jurisdiction
- FIH investment represents 1.3 FOGL shares for every1 FIH share

Falklands External Economic Drivers

- **Oil Exploration :**

Ocean Guardian :Rig arriving in early Feb 2010, potentially 8-10 month campaign focussed on North Falklands Basin

Desire - 4 firm wells being drilled- options for 4 more

Rockhopper - 2 firm wells

BHP/ FOGL - South of Falklands - 1 well on Toroa - tbc

Second campaign - Deep water drill, expected late 2010 -2011

- Borders & Southern - funding to drill 2-3 wells

- BHP/FOGL - funding to drill 2-3 wells

- **Squid catch :**Recovery in illex catch Feb -May 2010 ??

- **De-mining** -3 years work initially envisaged started Nov 2009

- **Cruise Ships**-Restrictions on heavy fuel oil South of 60° - hit cruise volumes 2010-11

FIH Outlook

- FIC
 - Oil Exploration activity and De-Mining set to boost Falklands economy in 2010
 - “New” West Store will strengthen position vs competitors in H2
 - Property activity increasing - Marmont Row units being readied for sale
- PHFC
 - Revenues stable despite economic downturn
 - Strongly cash generative / Costs tightly controlled
 - Progress being made with local Council over replacement pontoon for Gosport Cost
- Momart
 - Exhibition and Storage revenues now stabilised at sustainable levels
 - Focus on cost control, cash generation and client retention
 - Solid order book for H2
- Overall
 - Spread of Group interests underpins earnings and cash flow
 - Strong liquidity position following sale of FOGL shares
 - Direct interest in Falklands oil exploration through 12m shares in FOGL
 - Indirect exposure through FIC support services and property interests





Falkland Islands Holdings