



**Falkland
Islands
Holdings**

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

Falkland Islands Holdings - Interim Results - Half Year ended 30 Sept 2010



FIH Interim Results Overview

- Overall Group trading performance in line with expectations
 - Underlying PBTa £1,145k (2009 : £1,172k) -2.3%
 - Reported Pre Tax Profits £947k (2009 : £1,224k incl. £250k non recurring items)
- Diluted EPS on Underlying PBTa: 8.9p (2009 9.2p)
- Maintained Interim Dividend : 4.0p per share (2009 4.0p)
- Strong Balance Sheet
 - Net Debt £2.3m (£4.6 million bank debt less £2.3 million cash)
 - Bank Interest Covered 9.9 times
- FIC prospects transformed by Rockhopper Sea Lion discovery
- Falkland Oil & Gas (FOGL)
 - 12 million FOGL shares retained post sale - 8.2% stake (1 FIH : 1.3 FOGL shares)
 - Deep water rig being sought to drill FOGL/ BHP Billiton Northern licence area

FIH Group Profitability

6 Months ended	30 Sept 2010 £000	30 Sept 2009 £000	Change +/-
Turnover	14,348	13,817	+3.8%
Falkland Islands Company - FIC	585	508	15.2%
Gosport Ferry - PHFC	412	458	-10.0%
Momart	276	476	-42.0%
Trading Profit	1,273	1,442	-11.7%
Pension scheme financing costs etc	(72)	(72)	
Bank/ Lease Interest net	(56)	(198)	
Underlying Pre Tax Profit (PBTa)	1,145	1,172	-2.3%
Compensation for early vacation of lease / close out of interest collar.	-	250	
Amortisation of Intangibles	(198)	(198)	
Profit Before Tax	947	1,224	-22.6%
Diluted EPS (PBTa basis)	8.9p	9.2p	-3.3%

FIH : Segmental Analysis - 6 months ended 30 September 2010

6 Months ended 30 September	2010 £000		2009 £000	Change
<u>Turnover</u>				
Falkland Islands Company	6,492		5,483	-18.4%
Gosport Ferry - PHFC	2,030		2,028	-
Momart	5,826		6,306	-7.6
Total Turnover	14,348		13,817	+3.8%
Trading Profit				
Falkland Islands Company -FIC	585		508	15.2%
Gosport Ferry - PHFC	412		458	-10.0%
Momart	276		476	-42.0%
Trading Profit	1,273		1,442	-11.7%
Net Interest & Financing	(128)		(270)	
Underlying Pre Tax Profit (PBTa)	1,145		1,172	-2.3%

Falkland Islands Company



- Strong underlying growth driven by oil exploration activity and West Store expansion
- Sales ahead by 18% and PBTa up £84k to £551k despite lower property profits.
- Overall retail sales - up 23.6% vs H1 2009 - demand boosted by oil activity
 - West Store - Newly extended store format working well, especially new Electrical Store. Double digit advance on 2009 with improved sales mix and overall margins.
 - Homecare DIY - Revenues 19% ahead - Building sector buoyant - local confidence lifted by oil exploration.
- Automotive - New vehicles sales up (18 vs 15). Robust maintenance and rental income
- Fishing Agency - Poor illex squid catch but improved overall vs 2009
- Marmont Row - First house now sold , 8 ready for sale & rental, 3 in final stages.
- Residential property - £40k profit (2009 £272k) + increased rental contribution
- Darwin Shipping - 3rd party freight revenues 33% lower- MoD tariff increase April 2010
- Insurance and Port services - continued growth
- **FIC medium term prospects transformed by Rockhopper SeaLion discovery**

Portsmouth Harbour Ferry Company (PHFC)



- Solid contribution - PBTa slightly down at £383k (2009 £403k)
- Revenues flat with prior year at £2.0million
- Passenger numbers down 2.9% on prior year - but with slowing rate of fall
 - Weekend discretionary travel most affected - Weekly commuter traffic holding up
- Fare increases of 4.5% in June 2010 offset volume decline
 - (Adult daily return now £2.40, Child /Senior £1.60)
- Costs tightly controlled -despite rising fuel prices
- 50 year lease agreed with Council for new pontoon in Gosport
- Installation expected Spring 2011 - secures long term position
- Steady underlying performance from stable business

Momart International



- Contrasting performance in Exhibitions and Gallery Services (Institutional vs commercial market) - overall market conditions tougher than 2009
- Total revenues £5.8m (2009 £6.3m) down 7.6%
 - Continuing contraction in Exhibitions - revenues down 30% at £2.6m - impact of Govt. 15% cuts still to be felt.
 - Gallery Services - revenues up 38% to £2.5m. Commercial art market buoyant
 - Storage income flat - (capacity constrained) at £0.7m
- Exhibitions - Hirst (Monaco & Berlin), De Laroche (National Gallery), Shanghai Expo (BM & V&A), Surreal House (Barbican)
- Basel & Frieze London commercial art fairs performed ahead of expectations
- New MD and FD recruited to strengthen team October / November 2010
- PBTa - £211k vs £302k in H1 2009
- Profits down in challenging market conditions - longer term potential still remains

FIH Balance Sheet

	30 Sept 2010 £000	31 March 2010 £000	30 Sept 2009 £000
Tangible Fixed Assets	7,281	7,483	7,256
Investment properties at cost *	1,759	1,777	1,804
Goodwill & Intangibles	13,311	13,509	13,709
Quoted investments at m.v	14,940	15,542	18,900
Deferred Tax & other assets	701	693	598
Total non current assets	37,992	39,004	42,267
Working Capital - Net	3,466	1,231	1,453
Cash	2,288	3,810	2,209
Corporation tax payable	(622)	(683)	(751)
Bank Loans etc due within 1 year	(1,076)	(1,218)	(2,200)
Dividend payable	(459)	-	(722)
Net Current Assets	3,597	3,140	(11)
Bank Loans etc due after 1 year	(3,521)	(4,055)	(5,002)
Pension Provisions & Def. Tax	(3,848)	(3,852)	(4,086)
Equity Shareholders funds	34,220	34,237	33,168
Net Assets per share	£3.71	£3.76	£3.67

* Market value of properties £4m+

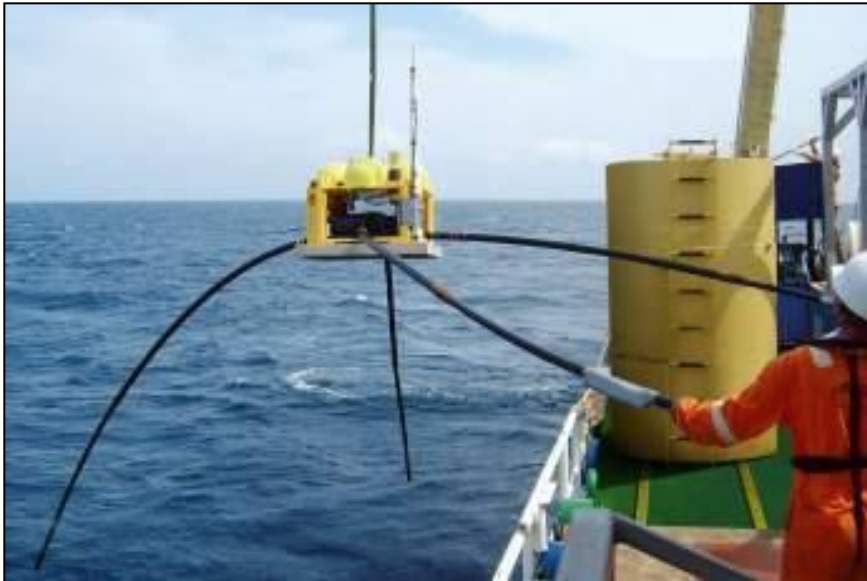
FIH Group Cash flow

6 months ended	30 Sept 2010 £000	30 Sept 2009 £000
Operating profit	1,075	1,417
Depreciation	437	424
Amortisation of Intangibles	198	198
Provision for share based payments	111	116
Increase in working capital	(1,847)	(1,815)
Net Cash Flow from Operations (incl property sales)	(26)	340
Net bank interest received /(paid)	(82)	(191)
Tax paid	(376)	(108)
Dividends paid	-	-
Capital expenditure	(217)	(771)
Other	(145)	(100)
Net Cash Flow	(846)	(830)
Net (increase)/ decrease in Loans	676	(35)
Decrease in Cash	(1,522)	(795)
Increase in Net Debt in first half	(846)	(830)

FIH Group - Net borrowings and liquidity

	30 Sept 2010 £000	31 March 2010 £000	30 Sept 2009 £000
Bank Loans due within 1 year	1,076	1,218	2,200
Bank loans due after 1 year *	3,521	4,055	5,002
Total Borrowings	(4,597)	(5,273)	(7,202)
Cash	2,288	3,810	2,209
Net (Borrowings) / Cash	(2,309)	(1,463)	(4,993)
(Increase) / decrease in net borrowings	(846)	3,530	(830)
Net Tangible Assets	20,909	20,728	19,459
Capital Gearing - Net	11.0%	7.1%	25.7%

Falkland Oil & Gas (FOGL)



Falkland Oil and Gas (FOGL)

- FIH retains 12million shares in FOGL - 8.2% stake -held CGT free in Falklands
- Toroa well dry in July 2010 but gave increased understanding of basin geology
- BHP Billiton & FOGL JV continues seeking deep water rig for northern section of original licence area for drilling in 2011
- FOGL now retains 100% interest in southern sector of licence area
- FOGL fully funded for 2nd commitment well
- Focus on high impact surveyed prospects - Loligo, Hersilia, Endeavour, & Nimrod.
- Borders & Southern announced contract for deep water rig 30 Nov 2010
- FIH investment represents 1.3 FOGL shares for every 1 FIH share

FIH Outlook

- **FIC**
 - Oil Exploration activity set to boost Falklands economy throughout 2011
 - Retail comparatives tougher in H2 but further progress expected
 - Oil production now 70% probable -transforming FIC's Medium /Long term prospects
- **PHFC**
 - Revenues stable despite economic downturn
 - Strongly cash generative / Costs tightly controlled
 - Future secured with long term lease on new pontoon - installation Spring 2011.
- **Momart**
 - Exhibition activity contracting under pressure of Government cuts
 - Commercial art market still buoyant and growing
 - Management team strengthened - Focus on increasing internal efficiencies and seeking out new growth opportunities
- **Overall**
 - Spread of trading interests underpins Group's financial stability
 - FOGL stake will be managed to maximise shareholder value
 - FIC well placed to take advantage of any oil production in Falklands





Falkland Islands Holdings