



**Falkland
Islands
Holdings**

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

Falkland Islands Holdings plc - Results Year ended 31 March 2011

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*
- **Holds 12 million shares in AIM quoted oil exploration company Falkland Oil & Gas Limited (FOGL)**
 - Market value of stake as at 31 March 2011 was £10.7m (89p per FOGL share)
 - Deep water rig contracted for 2 wells in Q1 2012
- *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
 - Retain shareholding in FOGL to maximise upside potential

FIH Group financial highlights for year ended 31 March 2011



- Revenue ahead by 9.0% to £31.8m (2010: £29.2m)
 - Buoyant trading in Falklands more than offsetting tougher market conditions in UK
- Operating profit £2.9m (2010: £3.1m) - 6.3%
- Net financing costs reduced to £0.2m (2010: £0.45m) - interest cover 14.2x
- Underlying pre tax profits rose 1.5% to a record £2.73m (2010: £2.69m)
- Earnings per share on underlying profits of 20.9p (2010: 22.0p) - due to higher tax charge
- Proposed dividend increased by 5.6% to 9.5p per share (2010: 9.0p per share)
- Total borrowings of £4.2m (2010: £5.3m) - Cash of £2.1m at year end
- Net borrowings at 31 March 2011 - £2.1m (2010: £1.5m)
- 12 million shares in FOGL retained; 1.3 FOGL shares for every FIH share in issue

FIH Group profit & loss account

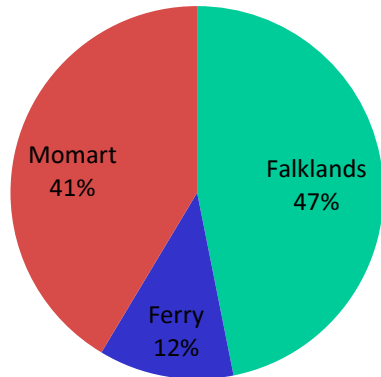


Year ended 31 March	2011 £000	2010 £000	Change +/-
Turnover - continuing operations	31,841	29,224	+9.0%
Underlying operating profit	2,935	3,134	-6.3%
Interest (net) incl. pensions costs	(207)	(446)	-53.6%
Underlying pre tax profit (PBT)	2,728	2,688	1.5%
Intangible amortisation / impairment	(398)	(398)	
Profit on sale of FOGL shares	-	3,089	
Profit (loss) on interest collar	-	45	
Other income (expense)	-	245	
Reported Profit Before Tax	2,330	5,669	
Basic EPS on taxed underlying PBT	20.9p	22.0p	-5.0%

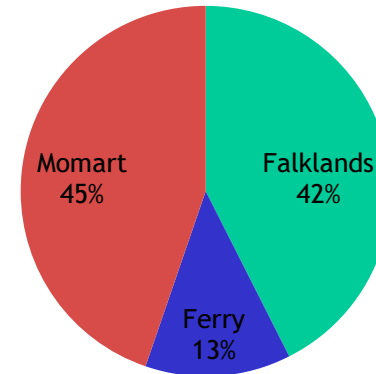
FIH revenue and operating profit split



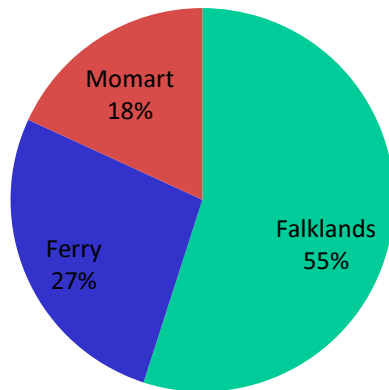
Revenue 2011



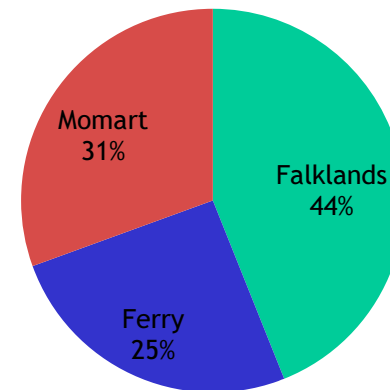
Revenue 2010



Operating Profit 2011



Operating Profit 2010



FIH Group - Revenue and profits by company

Year ended 31 March	2011 £000	2010 £000	Change +/-
Falklands	14,921	12,434	+20.0%
PHFC	3,734	3,718	+0.4%
Momart International	13,186	13,072	+0.9%
Turnover - continuing operations	31,841	29,224	9.0%
Falklands	1,613	1,377	17.1%
PHFC	790	800	-1.3%
Momart International	532	957	-44.4%
Operating profit	2,935	3,134	-6.3%
<i>Net bank interest</i>	<i>(134)</i>	<i>(314)</i>	<i>-57.3%</i>
<i>Net pension financing costs & Other</i>	<i>(73)</i>	<i>(132)</i>	<i>-44.7%</i>
<i>Net financing costs</i>	<i>(207)</i>	<i>(446)</i>	<i>-53.6%</i>
Underlying pre tax profit (PBT)	2,728	2,688	+1.5%
Basic EPS on taxed underlying PBT	20.9p	22.0p	-5.0%

Falkland Islands Company (FIC) Overview



- Established in 1852 by Royal Charter
- Retail
 - 60% market share from five outlets
- Motor
 - Land Rover and Ford sales and rentals
- Support Services
 - Shipping services ex UK & stevedoring on MoD vessels
 - Agency Services: for international squid & fishing fleets
 - Insurance Broking: sole local provider
 - Penguin Travel: tours for cruise ship passengers
- Property
 - Portfolio of residential and commercial properties - valued at £1.5m over nbv
 - Land bank of 70 acres in Stanley, 600 acres outside urban area
 - Marmont Row - Sea front heritage properties

FIC - Year ended 31 March 2011

Year ended 31 March	2011 £ million	2010 £ million	Change %
Revenues			
Retail	9.72	8.07	+20.5%
Automotive	1.91	1.43	+33.7%
Freight	0.69	0.99	-30.3%
Property sales	0.33	0.36	-8.1%
Other services	2.26	1.58	43.8%
Total FIC revenue	14.92	12.43	20.0%
Underlying FIC operating profit	1.61	1.38	16.7%
Underlying operating profit margin (%)	10.8%	11.1%	-0.3%

- Retail sales 20% ahead: capitalising on newly expanded West Store (Peacocks) and oil related demand
- Poor illex squid catch in April 2010 but consumer confidence lifted by oil
- Cruise ship passengers down 16% but Penguin Travel + 106%
- Freight income down 30% due to increased tariffs on MoD vessels
- Recovery in vehicle sales: 78 vehicles sold (2010: 45) - Vehicle rental income also ahead.
- Marmont Row conversion complete - 2 properties sold, 10 rented - rental income +17% .
- FIC Investment Properties valued at £2.5m + £1.5m surplus to book value

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)
- 3.4 million passenger journeys p.a.
- Strong competitive position

PHFC - Year ended 31 March 2011



Year ended 31 March	2011 £ million	2010 £ million	Change %
Revenues			
Ferry fares	3.59	3.50	2.6%
Other revenue	0.14	0.22	-36.4%
Total PHFC revenue	3.73	3.72	0.3%
Underlying PHFC operating profit	0.79	0.80	-1.3%
Underlying operating profit margin (%)	21.2%	21.5%	-0.3%
<i>Passenger journeys (000s)</i>	<i>3,421</i>	<i>3,516</i>	<i>-2.7%</i>

- Adult return fares increased 4.3% on 1 June 2010 (£2.40)
- Passenger journeys down 2.7% to c.3.4million but rate of decline slower than 2009-10 (-4.7%)
- Costs tightly controlled
- Ferry reliability at 99.9% (2010: 99.9%)
- Leisure cruising revenues lower but still positive contribution
- New pontoon due 27 June 2011 - Fares raised 17.5% to offset increased operating costs. Pontoon leased from Council over 50 years. Capitalised Finance Lease with fair value £5m

Momart International - Overview



- Specialist transport & logistics company serving fine art market in the UK & overseas
- 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
- 2010-11 Major contracts:
 - Damien Hirst: Monaco - April 2010
 - Gauguin: Tate Modern - Autumn 2010
 - Gossaert: National Gallery - Spring 2011
 - Cult of Beauty: V&A - Spring 2011
 - Watteau: Royal Academy - Spring 2001

Clients



Momart International - Year ended 31 March 2011



Year ended 31 March	2011 £ million	2010 £ million	Change %
Revenues			
Museums & Public Exhibitions	6.67	7.73	-13.7%
Commercial Galleries Services	5.00	3.86	+29.5%
Storage	1.52	1.48	+2.7%
Total Momart revenue	13.19	13.07	+0.9%
Underlying Momart operating profit	0.53	0.95	-44.2%
Underlying operating profit margin (%)	4.0%	7.3%	-3.3%

- Tough market conditions for UK Exhibitions following Museum budget cuts
 - Some recovery seen in H2 but pressure on margins continues
- Commercial art market buoyant - Revenue + 29% - margins holding
- Storage revenues ahead by 2.7% helped by strong commercial market
- Management team strengthened with new FD and marketing manager

FIH Group balance sheet

	31 March 2011 £000	31 March 2010 £000	Change £000
Property, plant and equipment	7,489	7,483	6
Investment properties	1,721	1,777	(56)
Intangibles & goodwill	13,111	13,509	(398)
Deferred tax assets & sundry other	634	693	(59)
Investment in FOGL at market value (89p)	10,710	15,542	(4,832)
Total fixed assets and investments	33,665	39,004	(5,339)
Working capital - Net	3,148	1,231	1,917
Cash	2,062	3,810	(1,748)
Net operating assets	38,875	44,045	(5,170)
Income tax payable	(569)	(683)	114
Bank loans & deferred consideration	(4,162)	(5,273)	1,111
Pension provisions & Deferred tax	(3,543)	(3,852)	309
Equity shareholders funds	30,601	34,237	3,636
Net assets per share (£)	£3.32	£3.76	(£0.44)

FIH Group cash flow

Year ended 31 March	2011	2010
	£000	£000
Underlying operating profit	2,935	3,134
Depreciation	846	907
Share based payments	207	240
Tax paid	(1,008)	(708)
(Increase) in working capital	(2,145)	(1,442)
Other	(18)	218
Net cash flow from operating activities	817	2,349
Capital expenditure	(815)	(1,341)
Dividends paid	(826)	(1,084)
Bank interest paid	(138)	(330)
Loan repayments	(1,141)	(755)
New loans drawn down	-	376
Cash paid for Momart incl deferred consid.	-	(1,621)
Proceeds from sale of FOGL shares / Options	306	3,584
Liquidation of derivative / other	49	(372)
Net Cash Flow	(1,748)	806

FIH Group net borrowings and liquidity

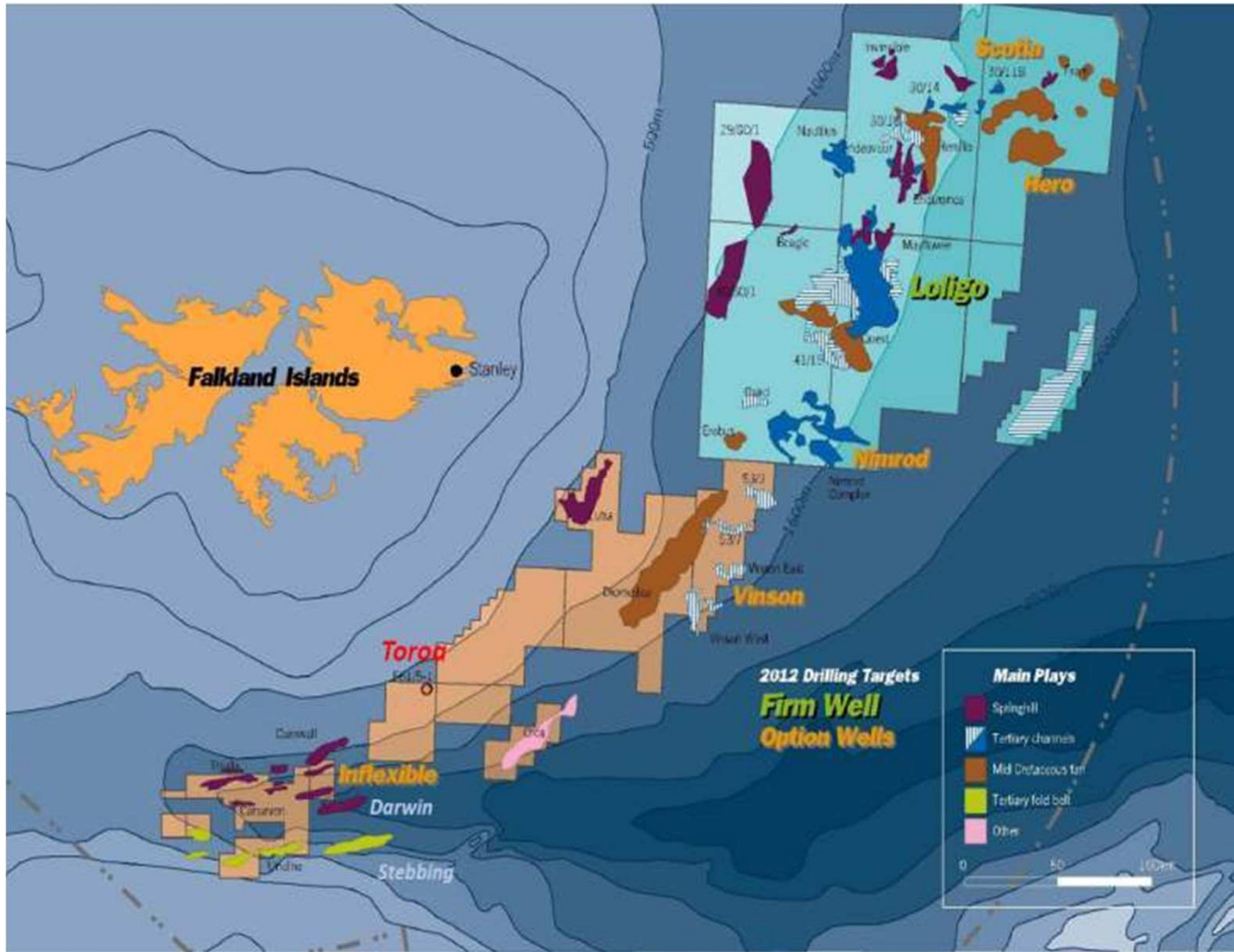
	31 March 2011 £000	31 March 2010 £000	Change £000
Bank loans due within 1 year	(1,000)	(1,128)	128
Bank loans due after 1 year	(2,971)	(3,974)	1,003
Other borrowings - leases etc	(191)	(171)	(20)
Total borrowings	(4,162)	(5,273)	1,111
Cash	2,062	3,810	(1,748)
Net (Borrowings) Cash	(2,100)	(1,463)	637
Net Tangible Assets	17,490	20,728	(3,238)
Capital Gearing - gross	23.8%	25.4%	
Capital Gearing - net	12.0%	7.1%	
NOTE			
Un-utilised RC Facility of £2m as at 31 March 2011			

FOGL stake



- 12 million shares retained with market value of £10.7m at 31 March 2011
- Mkt value 89p per FOGL share - cost 16p
- 1.3 FOGL shares held for every FIH share in issue
- FOGL now funded for 2 wells
- Deep water rig, Leiv Eiriksson contracted in co-operation with Borders & Southern
- Due to arrive in Falklands waters in Q4 2011
- FOGL wells to be drilled after 2 completed for Borders & Southern in early 2012
- FIH has undertaken to retain its shareholding until FOGL's initial drilling programme complete

FOGL Licences and Prospects



- FOGL now has 100% interest in licences
- BHP are contributing further \$40m towards Loligo
- Northern licence area now extended by 6 months to June 2012
- Loligo (in North) is largest prospect with estimated 4.7bn barrel potential and will be drilled first
- Choice of second well will depend on results of Loligo.
- FOGL's top 10 prospects have 10bn barrels potential (P mean)

Outlook

FIC

- Oil exploration and arrival of new rig will maintain economic activity in 2011-12
- Further expansion of retail space and new West Store website - www.falklands-shopping.co.fk/
- Inflationary pressures developing further strong growth dependent on positive news on oil
- Heavy fuel oil ban will reduce numbers of large cruise ships visiting Stanley in short term
- Confirmed commercial oil discovery would transform prospects for FIC

PHFC

- New pontoon to be installed late June 2011 - rental costs to be recouped through 17.5% average fare increases
- Further modest falls in passenger numbers expected - flat revenues expected in near term

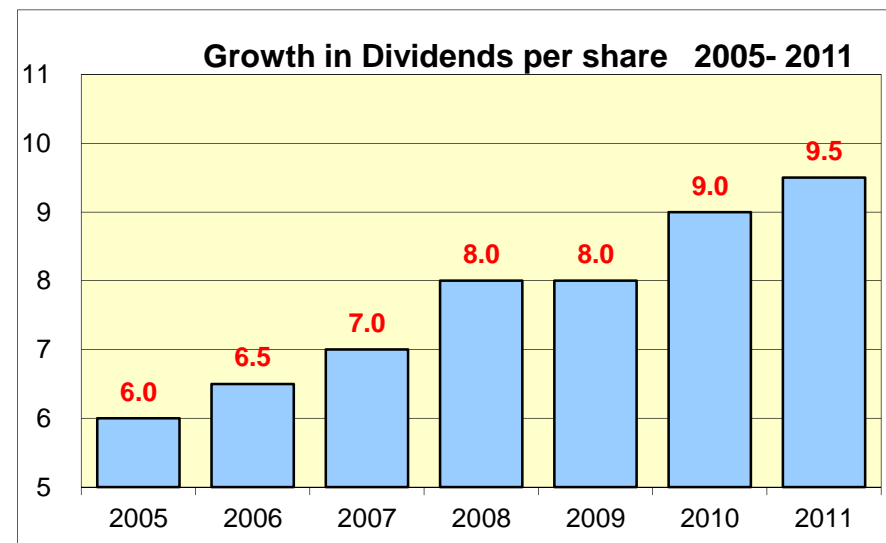
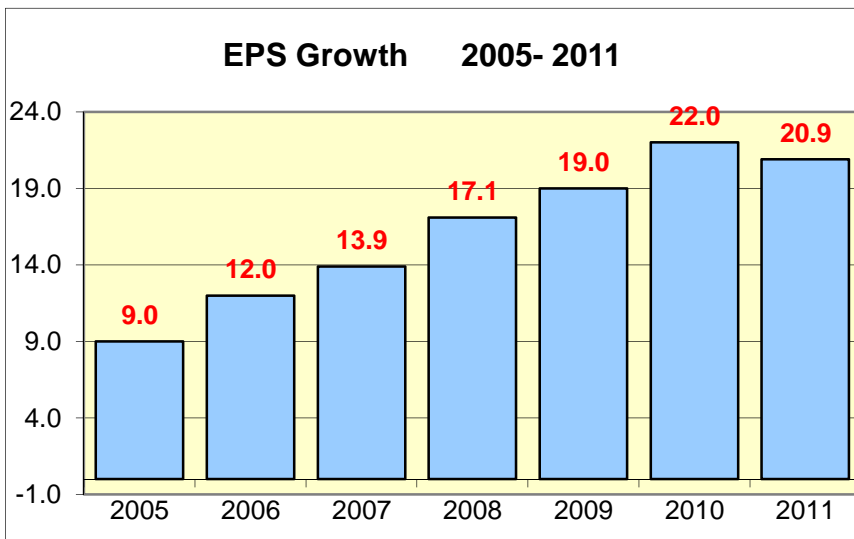
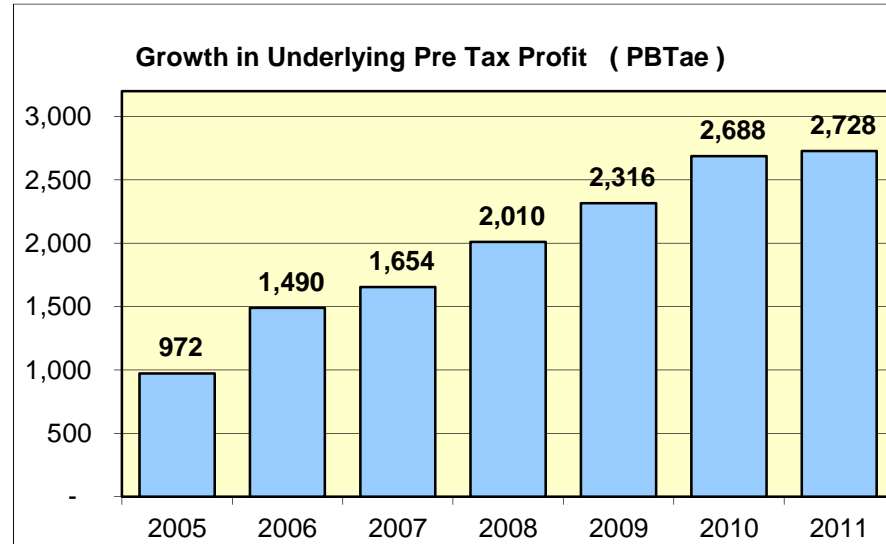
Momart

- Further growth expected in commercial art market
- Pressure on margins in exhibitions sector but volumes holding
- Storage revenues - steady growth - opportunity to increase warehouse storage space

Overall FIH remains well placed to deliver continued steady profitability and cash flow

- Diversity of Group continues to provide a strong foundation
- Low borrowings
- Focus on cost control and maximising oil related opportunities
- Potential upside linked to FOGL stake and other Falklands oil and gas exploration

FIH - 7 Year Track Record





Falkland Islands Holdings plc - June 2011