

23rd June 2010

Falkland Islands Holdings plc
("FIH" or "the Group")

Preliminary results for the year ended 31st March 2010

Falkland Islands Holdings plc, the AIM quoted international services Group, which owns essential services businesses focused on transport and logistics and which has a major shareholding in AIM quoted oil exploration company Falkland Oil and Gas Limited ("FOGL"), is pleased to announce preliminary results for the year ended 31st March 2010.

Financial Highlights

- Reported pre-tax profit of £5.7 million (2009: loss £0.6 million)
- Underlying pre-tax profits* up 17% to £2.7 million (2009: £2.3 million)
- Earnings per share on underlying profits* increased by 15% to 21.7p (2009: 18.8p)
- Reported earnings per share were 57.5p (2009: loss of 12.8p)
- Significant non-trading income of £3.3 million, including £3.1 million profit on the sale of shares in FOGL
- Strong cash flow reduced Group's net borrowings to £1.5 million (2009: £4.2 million)
- Directors pleased to recommend a final dividend of 5.0p per share resulting in total dividends for the year of 9.0p per share up 12.5% (2009: 8.0p per share)

*excludes amortisation and non trading items

Operating Highlights

The Group's three trading businesses all performed well in difficult market conditions:

- *Falklands Islands Company ("FIC")*
 - o Underlying operating profit up 9.5% to £1.38 million (2009: £1.26 million)
 - o Improved trading in H2 with the commencement of exploration drilling and the opening of the West Store extension
- *Portsmouth Harbour Ferry Company ("PHFC")*
 - o Underlying operating profit up 1.3% at £0.79 million (2009: £0.78 million)
 - o Profitability maintained on reduced passenger numbers
- *Momart*
 - o Underlying operating profit up 11.6% at £0.96 million (2009: £0.86 million)
 - o Performance improved in H2 with increased activity in the art market
 - o Revenues from services to commercial art galleries maintained at broadly constant levels

o Revenues from museum activities declined as institutional budgets came under pressure

· *Strategic stake in FOGL*

o FIH owns 12 million shares in FOGL (8.2% of the issued share capital)

o The market value of this shareholding on 31st March 2010 was £15.5 million (129.5p per FOGL share)

David Hudd, Chairman of Falkland Islands Holdings plc, said:

"I am delighted to report a successful year for the Group, with all three trading businesses performing well in extremely tough market conditions. Whilst we expect the forthcoming year to be challenging, we are confident that the diversity of the Group's portfolio places it in a strong position to benefit in the medium term as the wider economy recovers.

With drilling underway on the Toroa prospect in the South Falklands basin, we are nearer to determining the full potential of our stake in FOGL. Although a deep water rig will be required for FOGL's other prospects, the ongoing drilling activity will continue to boost demand in the Falklands.

The Board is pleased to recommend a final dividend of 5p per share, bringing the total dividend for the year to 9p per share, an increase of 12.5% on 2009."

- Ends -

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Chairman's Statement

I am pleased to report that the year ended 31st March 2010 has been a successful year for the Group, with significant growth in underlying profits and earnings per share and a substantial increase in the proposed dividend. The sale of 20% of the Group's shareholding in FOGL greatly strengthened its financial position such that whatever the results of oil exploration in the Falklands, the Group should be able to deliver strong cash flow, earnings and dividends.

Results

Underlying profits before tax (excluding amortisation / impairment of intangibles and non trading items) increased by 17% to £2.7 million (2009:£2.3 million). After non-recurring credits of £3.3 million, largely representing the profit on the sale of FOGL shares, the Group achieved pre tax profit of £5.7 million (2009: loss of £0.6 million). Underlying earnings per share increased by 16% to 22.0p (2009: 19.0p). Reported earnings per share were 57.5p (2009: loss of 12.8p).

Dividends

The Board is pleased to recommend a final dividend of 5p per share which, together with the Group's inaugural interim dividend of 4p per share, makes a total dividend for the year of 9p per share, an increase of 12.5% on the prior year (2009: 8p per share).

If approved by shareholders at the forthcoming annual general meeting, the 5p final dividend will be paid on 29 October 2010 to shareholders on the register at the close of business on 17 September 2010.

Overview of operations

The Group's three trading businesses performed well in difficult market conditions, with underlying operating profits from the Falklands and Momart both increasing by some 10% and the Portsmouth Harbour Ferry (PHFC) just ahead of the prior year. Trading in the Falklands improved in the second half of the year with the benefit of the expanded West Store and business generated by the oil exploration programme. Momart's performance improved in the second half as the commercial art market showed signs of recovery while at PHFC profits were maintained on reduced passenger numbers.

FOGL stake

In November 2009, in order to strengthen the Group's financial position and to reduce its risk profile, 3 million shares in FOGL were sold (20% of the then holding) generating proceeds of £3.6 million and a profit after tax of £3.1 million. The Group now holds 12 million FOGL shares, which represents 8.2% of the issued share capital. As at 31st March 2010, the market value of this shareholding was £15.5 million (129.5p per FOGL share) compared with £10.9 million as at 31st March 2009 (15 million FOGL shares at 72.6p per share).

The Board have publicly stated that no further FOGL shares will be sold in advance of the drilling of FOGL's Toroa prospect, which was spudded on 31st May 2010 and is expected to take 35 days to complete.

A further commitment well will be drilled on one of FOGL's three other surveyed prospects. These are all in water depths of more than 1,000 metres and efforts are continuing to secure a rig which is capable of drilling at such depths. It is your Board's intention to retain a very substantial holding in FOGL while the exploration programme continues.

Net assets

Following the FOGL share sale and after capital expenditure of £1.4 million (2009: £1.0 million), the Group's borrowings have been reduced to £5.3 million (2009 £7.2 million). Cash balances at the year-end amounted to £3.8 million (2009: £3.0 million) resulting in net borrowings at the year-end of £1.5 million (2009: £4.2 million). Thus we now have scope for further investment in our businesses. Net assets per share including intangibles were 376p at 31st March 2010 (2009: 276p).

Outlook

Current economic conditions do not allow much forward visibility. However in the year to date, the Group's overall trading performance is in line with our expectations.

In the Falklands, oil exploration will continue to boost confidence and local demand. However, another disappointing illex squid catch (which impacts the first quarter's trading), increases in freight costs and reduced numbers of cruise passengers will negatively impact performance.

At Momart, although the commercial gallery market is improving, spending cuts are reducing the number of exhibitions staged by State funded institutions. Whilst we do not expect to see significant improvements in trading conditions in the coming year, Momart remains the market leader and is well placed for any upturn in the art market.

At PHFC, we continue to make progress with the Borough Council towards a new pontoon in Gosport and are in the process of agreeing a long term lease for its use, with planned installation towards the end of our financial year. The economic background in Gosport is such that it is difficult to envisage any improvement in PHFC's passenger numbers.

The Group's diversity continues to provide a strong foundation and whilst trading conditions remain challenging, all of the businesses are financially and operationally stable, with solid, market leading positions.

Despite our caution for the coming year, we anticipate continued robust cash flow and are confident of our ability to maintain dividends.

It is likely that the current trading performance of the Group will continue to be overshadowed by news of the oil exploration being undertaken in the Falklands, the main economic benefits of which have yet to be felt. However, we are currently examining the development opportunities in the Islands which will result from a successful oil outcome..

In service businesses such as ours, staff are our biggest asset and the Board would like to thank all our colleagues for their continued hard work and commitment.

David Hudd

Chairman

Managing Director's Business Review

Overview

I am pleased to report that, despite the challenging economic environment, the Group performed well in the year to 31st March 2010. Trading in the second half was generally stronger than in the first half, particularly in the Falkland Islands as a result of the oil exploration activity, and this, together with the substantial profit from the sale of three million FOGL shares in November 2009, helped lift the Group's profitability for the year.

Group trading summary

All of the Group's operating businesses were impacted by the recession and, as a result, Group turnover decreased by 9.3% to £29.2 million (2009: £32.3 million).

However, due to effective cost control, underlying operating profits (before amortisation / impairment of intangibles and non-trading items) rose by 7% to £3.1 million (2009: £2.9 million). With interest costs reduced at £0.40 million (2009: £0.91 million), underlying profits before tax increased by 17% to £2.7 million (2009: £2.3 million). All three of the Group's operating businesses maintained or increased their profitability during the year.

In addition, the Group benefited from significant non-trading income which added a further £3.3 million to overall profitability. The most significant element of this was the £3.1 million profit from the sale of FOGL shares, but there was also a £0.2 million receipt in respect of the agreed early surrender of a leasehold property. Reported profit before tax was £5.7 million (2009: £0.6 million loss).

The Group pays corporation tax on its UK earnings at the standard rate of 28%, except for certain of its subsidiaries which qualify for the smaller companies rate of 21%. On its Falkland Islands earnings, the Group pays tax at the rate 26%. There is no Capital Gains Tax on sales of shares, property or other qualifying assets in the Falkland Islands. For the year ended 31 March 2010 the Group's effective tax rate on its underlying trading activities was 26% (2009: 26%).

Fully diluted earnings per share derived from underlying profits increased by 15.4% to 21.7p (2009: 18.8p).

Strong cash flow allowed the Group to reduce its borrowings at 31 March 2010 to £5.3 million (31 March 2009: £7.2 million) even after total capital expenditure of £1.4 million (2009: £1.0 million). Cash balances at 31 March 2010 were £3.8 million (31 March 2009: £3.0 million) resulting in net borrowings at the year-end of £1.5 million (2009: £4.2 million). Net assets per share increased sharply during the year to 376p per share at 31 March 2010 (2009: 276p per share) reflecting both the increase in realised profits and the uplift in the value of the Group's holding in FOGL.

Review of Operations

A summary of Group revenue and operating profit by business is shown below:

Revenue

Year ended 31 March	2010	2009	Change
	£ million	£ million	%
Falklands	12.43	12.99	-4.3%
Portsmouth Harbour Ferry	3.72	3.72	0.0%
Momart	13.07	15.54	-15.9%
Total	29.22	32.25	-9.4%

Underlying operating profit

Year ended 31 March	2010	2009	Change
	£ million	£ million	%
Falklands	1.38	1.26	9.5%
Portsmouth Harbour Ferry	0.79	0.78	1.3%
Momart	0.96	0.86	11.6%
Total	3.13	2.89	8.3%

Each of the Group's businesses is reviewed in detail below:

Falklands Islands Company (FIC)

FIC reported a satisfactory outturn for the year with underlying operating profits for the year increasing by 9.5% to £1.38 million (2009: £1.26 million) despite a 4.2% fall in revenue.

Operating results

Year ended 31 March	2010	2009	Change
	£ million	£ million	%
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%	

The year started with the failure of the illex squid catch. This not only saw dramatic reductions in the level of support services required by the much reduced number of fishing boats and reefers, but it also resulted in significant reductions in government license revenues. This in turn had an impact on local spending and general confidence. In addition, in April FIC saw its principal retail competitor very substantially expand its supermarket on the outskirts of Stanley putting downward pressure on sales in the West Store. Automotive vehicle sales, particularly to fleet buyers, also fell sharply as organisational budgets were cut in response to the recession.

However, in the second half there was a notable improvement in confidence in the Islands, due to a good loligo squid catch and the commencement of oil exploration activity. As anticipated, this stimulated demand across our retail activities and is likely to continue to have a further positive impact on the Falkland Islands economy. This positive momentum was further assisted by the start of a de-mining programme for which FIC was able to provide a range of services.

Whilst the competitive landscape for retailing in Stanley changed substantially in the year, our new West Store extension has bolstered the performance of our core retailing activity and has confirmed the West Store's position as the premier retailer in Stanley.

Sales and margins came under pressure in the early months of the year due to the increased competition, but the team in Stanley led by new retail manager, Paul Lewis, responded well emphasising FIC's offer to the customer of "Quality, Choice and Value". At the half year, West Store sales were down by only 1% and in the second half, which included the November opening of the West Store extension and car park, sales increased by over 8% giving an overall increase for the year of 4.2%. The new extension increases retail selling space by 50% to over 15,000 sq ft which includes a new store providing household electrical goods.

In FIC's DIY businesses, Home Care and Home Living, demand was affected by the sluggish economy and continued pressure from local competitors. Overall sales in this segment which accounts for c. 15% of FIC's retail revenues, decreased by 11% during the year.

FIC's automotive business saw a sharp fall in demand particularly for fleet vehicles for the military and their contractors. Total vehicle sales fell to 41 (2009: 76), but vehicle rental income increased substantially as a result of the requirements of the de-mining and oil exploration companies. However, overall automotive revenues fell by 27% to £1.43 million. With the global recession continuing, we do not anticipate any early recovery in military or corporate spending on vehicles.

At Darwin Shipping, revenues from third party freight increased by 24% to just under £1 million as the business benefited from the delivery of a second shipment of wind turbines and also from increased freight linked to oil exploration activity.

FIC's Fishing Agency revenues fell by 43% as a result of a poor illex squid catch in April and May 2009. Penguin Travel, which has established itself as the on shore agent of cruise line operator Holland & America Lines, also had a more difficult year as unusually windy summer weather and the effects of the global recession led to a 16% decline in passenger landings, the first decline in a decade.

FIC's Insurance broking operation increased both its revenues and its contribution in the year as did FIC's Port Services (stevedoring) activities. The net return from FIC's portfolio of 30 rental properties also saw a further steady increase as demand strengthened in the second half of the year.

Further investment in our shops is planned for the forthcoming year, but current year margins will be negatively impacted by the double digit increase in the cost of freight services imposed with effect from 1st April 2010.

During the year, work on phase 1 of the conversion of the former Upland Goose hotel into a terrace of nine residential properties was completed, now reverting to their former name of Marmont Row. With their location on the waterfront in central Stanley they represent a prime asset, which can be readily sold or rented depending on market conditions. Phase 2 involving the conversion of the final three units in the terrace is expected to be complete before the end of the calendar year.

In the year, two older residential properties were sold realising a profit of over £350,000. This compares to the £240,000 generated from the sale of three similar properties in 2008/9. Our policy has been to dispose of the older properties which require substantial modernisation and maintenance and reinvest the proceeds in new developments. The building, letting and selling of residential properties is one of FIC's core activities and is expected to continue in the future particularly with the completion of Marmont Row which will increase FIC's residential estate to over 40 units.

Portsmouth Harbour Ferry Company (PHFC)

PHFC performed satisfactorily during the year posting a small increase in underlying operating profits despite flat revenues.

Operating results

Year ended 31 March	2010	2009	Change
	£ million	£ million	%
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%

Some 40% of ferry customers use the service for essential daily commuting. However, the service is not immune to the effects of recession and a significant reduction in discretionary journeys resulted in total passenger journeys declining by 4.2% compared to the previous year.

As in the prior year, fares were increased on 1st June. The standard daily adult return fare rose by 4.5% to £2.30 and the price for a book of 10 trip tickets rose 5.5% to £9.50. These fare increases effectively offset the impact of the decline in passenger numbers and resulted in revenues from ferry fares rising 1.2% to £3.5 million.

The core passenger ferry service accounted for 94% of revenue (2009: 93%). Other revenue is earned from PHFC's programme of summer leisure cruises in the Solent area, which increased by £13,000 compared to the prior year and produced a small positive contribution. A small contract to provide water taxi services ended, as expected, in August 2009 after three years.

Overheads were maintained at prior year levels despite increased hourly wage rates, and a steady rise in the price of fuel, due to tight cost control and a reduction in the level of overtime. After the allocation of head office costs, PHFC's underlying operating profit increased by 1.3% to £0.79 million (2009: £0.78 million).

Negotiations with Gosport Borough Council to replace the existing pontoon at Gosport are nearing completion with a modern replacement scheduled to be delivered in late 2010. The Council has agreed in principle to finance the new pontoon but its economic cost will be borne by PHFC and, ultimately, by passengers as fares

will have to be increased to offset this increase in annual rent. Even after the necessary fare increases, the Board believes that the absolute cost for ferry users will remain modest and will still offer excellent value for money compared to alternative modes of transport.

The ferry service was able to improve on its exceptional record of reliability and over 99.9% of all 72,000 ferry trips made during the year departed on time. Only 76 sailings were delayed or cancelled (2009: 132) and of these 22 were due to incidents beyond the Company's control. Both the safety record and the reliability of this essential service rest upon the exceptional commitment and expertise of ferry staff who are proud to be a part of the community they serve.

For the forthcoming year, we anticipate tough trading conditions with further small declines in annual passenger numbers and increased pressure on costs as fuel prices increase.

Momart

Momart increased profitability in the year despite the pressure on revenues in all areas of its business.

Operating results

Year ended 31 March	2010	2009	Change
	£ million	£ million	%
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%	

Momart reacted quickly to a sharp contraction in the art market in the first quarter of the calendar year 2009, aligning its cost base with the reduced level of available business. Whilst first half revenue was significantly down on the record levels seen in the first half of 2008/9, much of the decline in sales came from a reduction in low margin work with overseas agents. Therefore, with lower overheads and increased efficiencies flowing from internal reorganisation, Momart remained consistently profitable throughout the year. Confidence in the commercial art market quickly recovered as world markets stabilised, confirmed by the success of the Basel art fair in June and the Frieze fair in London in October.. With less currency volatility, Momart also saw reduced exchange losses during the year.

Momart's commercial Gallery Services (GS) division was actively involved in a number of high profile overseas exhibitions of Damien Hirst's work. Increased efforts were also made to win smaller contracts from commercial clients and streamlining its customs clearance procedures gave it an important competitive edge in winning international business. GS revenues also saw some recovery as confidence increased throughout the year and activity levels rose by 16% in the second half, compared to the first half. GS delivered a 10.8% increase in like-for-like sales compared to 2008/9. Overall revenues in GS were down 11.4% compared to 2008/9 and the division accounted for 30% of Momart's total revenues (2008/9: 28%).

In the Exhibitions division that serves leading museums in the UK and overseas, activity reduced sharply in the early part of the year (again compared to the record levels seen in 2008/9) with notably less work coming from overseas institutions as reduced budgets saw spending cut back on more expensive internationally sourced shows. In the UK Momart remained very active and maintained its market share. Notable installations included

the Baroque exhibition at the Victoria and Albert Museum, Anish Kapoor at the Royal Academy and the highly successful Real Van Gogh exhibition in January 2010.

Exhibition revenues remained 20% below the prior year albeit absolute revenues increased marginally in H2 helped by the Van Gogh exhibition at the Royal Academy. Overall revenues from Exhibitions fell in the year to £7.73 million (2009: £9.66 million) and the division accounted for 59% of Momart's total revenues (2009: 62%).

Storage revenue was also affected by the downturn and prices came under pressure as storage customers sought to reduce costs and competition increased. Nonetheless Storage revenue remained the most stable income stream with a small decline of just 2.9% year on year to £1.48 million. Storage accounted for 11% of Momart's revenue in the year (2009: 10%).

We believe that the recovery seen in the commercial art market is likely to track wider economic trends as reflected in the performance of global equity markets, but in Momart's main market we see continued pressure on budgets for museum exhibitions both in the UK and overseas.

FOGL stake

Details of the FOGL stake are set out below:

31 March	2010	2009
Number of shares held	12,000,000	15,000,000
FOGL share price	129.5p	72.6p
Market Value of holding	£ 15.5 million	£10.9 million
Cost	£2.0 million	£2.5 million

In the year ended 31st March 2010 the share price of FOGL varied between a high of 177.25p and low of 63.0p. The sale of 3 million shares took place on 30th November 2009 at a price of 120p per share which produced a profit on sale of £3.1 million. Following the sale, the Group shareholding represented 8.2% of FOGL's enlarged share capital. Under IFRS, the investment is shown at market value.

Balance Sheet

The Group's Balance Sheet remains strong. As at 31st March 2010 the Group had net assets of £34.2 million (2009: £24.9 million), borrowings of £5.3 million (2009: £7.2 million) and cash balances of £3.8 million (2009: £3.0 million).

Cash Flows

With the improved trading performance of the Group companies over the year, earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 14% to £4.0 million (2009: £3.5 million).

Working capital levels increased by £1.0 million in the current year as the Group invested an additional £0.5 million in the conversion of its Marmont Row properties, retail inventory levels in Stanley recovered to more optimal levels and prepayments and deferred income on Momart commercial contracts increased by £0.5 million.

Tax paid of £1.0 million reduced to more normal levels (2009: £1.4 million) following the switch to quarterly payments in advance at Momart in the prior year.

The Group's Operating Cash Flow can be summarised as follows:

Year ended 31 March	2010 £million	2009 £million
Underlying PBT	2.7	2.3
Depreciation	0.9	0.8
Interest payable	0.4	0.6
Restructuring costs	-	(0.2)
EBITDA	4.0	3.5
Share based payments	0.2	0.3
(Increase) / decrease in working capital	(1.0)	1.6
Tax paid	(1.0)	(1.4)
Other	0.2	0.1
Net cash flow from operating activities	2.4	4.1

In addition to cash flows from its operating activities the Group received £3.6 million from the FOGL share sale and drew down an additional £0.2 million in leasing loans to finance vehicle purchases. Gross cash flow in the year ended 31st March 2010 was £6.4 million (2009: £4.3 million).

Year ended 31 March	2010 £million	2009 £million
Net cash flow from operating activities	2.4	4.1
Proceeds from sale of shares in FOGL	3.6	-
Draw down of loan	0.4	0.2
Gross Cash Flow	6.4	4.3
Less :		
Dividends paid	(1.1)	(0.7)
Capital expenditure	(1.4)	(1.1)
Net bank interest paid	(0.3)	(0.4)
Liquidation of financial derivative	(0.4)	-
Deferred consideration re Momart	(1.6)	(1.7)
Loan repayments	(0.8)	(0.6)
Other		0.2
Total Outflows	(5.6)	(4.3)
Net cash flow	0.8	0.0
Cash balance b/fwd	3.0	3.0
Cash balance c/fwd	3.8	3.0

During the year the Group paid a 2008/9 final dividend of £0.7 million and a 2009/10 interim dividend of £0.4 million. To continue to strengthen its operating base, £1.4 million was invested in fixed assets across the Group (2009: £1.0 million); £0.8 million was committed to complete the extension and car park at the West Store in Stanley and £0.2 million was invested in new vehicles and office equipment at Momart. With strong cash generation leading to lower borrowings, interest paid over the year decreased to £0.3 million (2009: £0.4 million). In January 2010 the Group liquidated its outstanding interest rate collars at a cash cost of £0.4 million, made scheduled repayments of bank loans of £0.8 million (2009: £0.6 million) and paid £1.6 million in deferred consideration in connection with the acquisition of Momart (2009: £1.7 million). After making these payments totalling £5.6 million the Group enjoyed a cash surplus of £0.8 million taking its cash deposits to £3.8 million (2009: £3.0 million).

Trading Outlook

The economic backdrop remains uncertain and the Board does not foresee a substantial improvement in trading conditions during the current year.

However, with substantially reduced borrowings and the inherent strength of each operating company, the Group is well placed to weather the current difficult trading environment and benefit in the upturn.

Whilst the Board remains remain cautious about prospects for growth in the current year ahead, it remains confident about the long-term future of the Group.

John Foster
Managing Director

Consolidated Income Statement
FOR THE YEAR ENDED 31 MARCH 2010

	Before amortisation & non-trading items	Amortisation & non-trading items (Note 1)	Total	Before amortisation & non-trading items As restated 2009	Amortisation & non-trading items (Note 1) As restated 2009	Total As restated 2009
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	29,224		29,224	32,251		32,251
Cost of sales	(17,237)		(17,237)	(20,158)		(20,158)
Gross profit	11,987		11,987	12,093		12,093
Other administrative expenses	(8,868)		(8,868)	(9,214)		(9,214)
Amortisation of intangible assets		(398)	(398)		(398)	(398)
Goodwill impairment			0		(1,983)	(1,983)
Restructuring costs			0		(228)	(228)
Operating expenses	(8,868)	(398)	(9,266)	(9,214)	(2,609)	(11,823)
Gain on disposal of available- for-sale equity securities		3,089	3,089			
Compensation for early vacation of leasehold premises		245	245			
Other income	15		15	15		15
Other operating income	15	3,334	3,349	15		15
Operating profit	3,134	2,936	6,070	2,894	(2,609)	285
Finance income	111	45	156	172		172
Finance expense	(557)		(557)	(750)	(334)	(1,084)
Net financing costs (Note 4)	(446)	45	(401)	(578)	(334)	(912)
Profit / (loss) before tax from continuing operations	2,688	2,981	5,669	2,316	(2,943)	(627)
Taxation	(705)	292	(413)	(605)	79	(526)
Profit / (loss) for the year						
attributable to equity holders of the company	1,983	3,273	5,256	1,711	(2,864)	(1,153)
Earnings per share (Note 3)						
Basic	22.0p		58.2p	19.0p		-12.8p
Diluted	21.7p		57.5p	18.8p		-12.8p

**Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED 31 MARCH 2010**

	2010	2009
	£'000	£'000
Gain / (loss) on valuation of available-for-sale equity securities	6,828	(7,560)
Transfer to the income statement on sale of available-for-sale equity securities	(1,683)	
Share-based payments	240	297
Repurchase of equity interest	(75)	
PHFC actuarial loss on pension scheme	(55)	(86)
FIC actuarial (loss) / gain on pension scheme	(195)	50
Movement on deferred tax asset relating to pension schemes	124	13
Other comprehensive income / (expense)	5,184	(7,286)
Profit / (loss) for the year	5,256	(1,153)
Total comprehensive income / (expense)	10,440	(8,439)

Consolidated Balance Sheet
AT 31 MARCH 2010

	2010	As restated 2009
	£'000	£'000
Non-current assets		
Intangible assets	13,509	13,907
Property, plant and equipment	7,483	7,033
Investment properties	1,777	1,769
Financial assets - available for sale equity securities	15,542	10,890
Non-current assets held for sale	20	20
Other financial assets	52	58
Deferred tax assets	621	516
Total non-current assets	39,004	34,193
Current assets		
Trading inventories	3,489	2,570
Property inventories	1,220	639
Inventories	4,709	3,209
Trade and other receivables	4,535	4,424
Other financial assets	206	159
Cash and cash equivalents	3,810	3,004
Total current assets	13,260	10,796
TOTAL ASSETS	52,264	44,989
Current liabilities		
Interest bearing loans and borrowings	(1,218)	(2,142)
Income tax payable	(683)	(518)
Derivative financial instruments	0	(406)
Trade and other payables	(8,219)	(7,913)
Total current liabilities	(10,120)	(10,979)
Non-current liabilities		
Interest bearing loans and borrowings	(4,055)	(5,053)
Employee benefits	(2,237)	(2,036)
Deferred tax liabilities	(1,615)	(2,054)
Total non-current liabilities	(7,907)	(9,143)
TOTAL LIABILITIES	(18,027)	(20,122)
Net assets	34,237	24,867
Capital and reserves		
Equity share capital	910	906

Share premium account	7,324	7,206
Other reserves	1,162	1,162
Retained earnings	11,260	7,157
Financial assets fair value reserve	13,581	8,436
Total equity	34,237	24,867

These financial statements were approved by the Board of Directors on 23 June 2010 and were signed on its behalf by:

J L Foster
Director

Consolidated Cash Flow Statement
FOR THE YEAR ENDED 31 MARCH 2010

	2010 £'000	As restated 2009 £'000
Cash flows from operating activities		
Profit / (loss) for the year	5,256	(1,153)
Adjusted for:		
(i) Non-cash items:		
Depreciation	907	840
Fixed asset impairment	(30)	40
Amortisation	398	398
Goodwill impairment	0	1,983
Amortisation of loan fees	30	30
Notional interest charge on deferred consideration	48	104
Expected return on pension scheme assets	(17)	(22)
Interest cost on pension scheme liabilities	149	152
(Gain) / loss on remeasurement of derivative financial instruments	(45)	334
Settlement of equity interest	(75)	
Equity-settled share-based payment expenses	240	297
Non-cash items adjustment	1,605	4,156
(ii) Other items:		
Bank interest receivable	(16)	(76)
Bank interest payable	330	464
Gain on disposal of available for sale equity securities	(3,089)	
Loss on disposal of fixed assets	0	3
Income tax expense	413	526
Other adjustments	(2,362)	917
Operating cash flow before changes in working capital and provisions	4,499	3,920
(Increase) / decrease in trade and other receivables	(111)	929
Increase in property inventories	(581)	(363)
(Increase) / decrease in other inventories	(919)	770
Increase in trade and other payables	306	318
Decrease in provisions and employee benefits	(137)	(47)
Changes in working capital and provisions	(1,442)	1,607
Cash generated from operations	3,057	5,527
Income taxes paid	(708)	(1,427)
Net cash flow from operating activities	2,349	4,100
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,358)	(954)
Purchase of investment properties	(55)	(100)
Proceeds from the disposal of property, plant & equipment	72	1
Acquisition of subsidiary, net of cash acquired	(1,621)	(1,697)
Proceeds from sale of assets held for sale		186
Proceeds from the sale of available for sale equity securities	3,584	
Interest received	16	76
Net cash flow from investing activities	638	(2,488)
Cash flow from financing activities		
Increase in other financial assets	(41)	(5)
Repayment of secured loan	(755)	(608)
Proceeds from new loan	376	166
Interest paid	(330)	(434)
Liquidation of financial derivative contracts	(361)	
Proceeds from the issue of ordinary share capital	14	
Dividends paid	(1,084)	(722)
Net cash flow from financing activities	(2,181)	(1,603)
Net increase in cash and cash equivalents	806	9
Cash and cash equivalents at start of year	3,004	2,995
Cash and cash equivalents at end of year	3,810	3,004

Consolidated Statement of Changes in Shareholders' Equity
FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	£'000	£'000
Shareholders' funds at the beginning of the period	24,867	34,028
Profit / (loss) for the year	5,256	(1,153)
Share-based payments	240	297
Change in fair value of available-for-sale financial assets	6,828	(7,560)
Transfer to the income statement on sale of available-for-sale equity securities	(1,683)	
Actuarial gain on pension net of tax	(126)	(23)
Repurchase of equity interest	(75)	
Total comprehensive income / (expense)	10,440	(8,439)
Dividends paid	(1,084)	(722)
Proceeds from the issue of share capital	14	
Shareholders' funds at the end of the period	34,237	24,867

NOTES

1. Underlying Pre Tax Profit

The Group's underlying pre-tax profits (PBTa) showed steady growth with a £0.4 million increase over the prior year as shown below, rising 16% to a record level of £2.69 million.

Year ended 31 March	2010	2009
	£ million	£ million
Underlying operating profit	3.13	2.89
Less: net underlying financing costs	(0.44)	(0.58)
Underlying Pre-tax profit	2.69	2.31
Add (deduct) non-trading and exceptional Items		
Profit on the sale of FOGL shares	3.09	
Profit on the surrender of lease	0.25	
Revaluation of interest rate collar	0.04	(0.33)
Amortisation of intangibles	(0.40)	(0.40)
Impairment of goodwill	-	(1.98)
Restructuring costs	-	(0.23)
Profit / (loss) before tax as reported	5.67	(0.63)

Note: Underlying profit before tax excludes the amortisation of intangible assets, any impairment of goodwill and non-trading items (profit on sale of shares, profits from the early surrender of a lease, restructuring costs and fair value movements on derivative financial instruments).

Further details of these non trading items are given below:

Non-trading items

Profit on sale of shares in Falkland Oil and Gas Limited - £3.09 million (2009: nil):

On 30 November 2009 the Group reduced its stake in Falkland Oil and Gas Limited selling 3 million shares producing cash proceeds of £3.6 million and realising a profit of £3.1 million.

Profit on the early surrender of a property lease - £0.25 million (2009: nil):

During the year the Group received compensation for the early vacation of leasehold premises by Momart, which had been the subject of litigation with the landlords.

Revaluation of interest rate collar £0.04 million (2009: loss £0.33 million):

In previous years the Group entered into two interest rate collars as a hedge against possible increases in interest rates. These instruments produced an effective floor on the bank base rate payable by the Group of 4.25% and led to increased interest rate costs in the first half of the year. In January 2010 these instruments were liquidated, eliminating what had become onerous interest costs. This resulted in a small accounting gain of £0.04 million (2009: loss £0.33 million) and from January 2010 the Group has been able to take full advantage of current low rates.

2. Segmental information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting format is determined to be by business type: the provision of ferry services; arts logistics and storage; and general trading in the Falkland Islands. The secondary reporting format is determined to be geographical.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Primary reporting format - business

	2010 General trading (Falklands) £'000	Ferry Services (Portsmouth) £'000	Art logistics and storage (UK) £'000	Total £'000
Revenue	12,434	3,718	13,072	29,224
Segment operating profit before tax, amortisation & non-trading items	1,377	800	957	3,134
Amortisation of intangible assets	0	0	(398)	(398)
Compensation for early vacation of leasehold premises	0	0	245	245
Unallocated gain on disposal of available-for-sale equity securities				3,089
Amortisation and non-trading items	0	0	(153)	2,936
Segment operating profit	1,377	800	804	6,070
Gain on liquidation of financial derivative		8	37	45
Interest income	78	21	12	111
Interest expense	(138)	(85)	(334)	(557)
Segment profit before tax	1,317	744	519	5,669
Taxation	34	(245)	(201)	(413)
Segment profit after tax	1,351	498	318	5,256
Assets and liabilities				
Segment assets	11,590	8,231	13,045	32,866
Segment liabilities	(8,084)	(2,583)	(5,270)	(15,937)
Unallocated assets and liabilities				17,308
Segment net assets	3,506	5,648	7,775	34,237
Other segment information				
Capital expenditure:				
Property, plant, equipment	1,087	37	234	1,358
Investment properties	55			55
Depreciation - property, plant and equipment	324	222	321	867
Depreciation - investment properties	40			40
Amortisation			398	398

Underlying profit before tax				
Segment operating profit before tax, amortisation & non-trading items	1,377	800	957	3,134
Interest expense	(138)	(85)	(334)	(557)
Interest income	78	21	12	111
Underlying profit before tax	1,317	736	635	2,688

	2009 General trading (Falklands) As restated £'000	Ferry Services (Portsmouth) As restated £'000	Art logistics & storage (UK) As restated £'000	Total As restated £'000
Revenue	12,991	3,716	15,544	32,251
Segment operating profit before tax, amortisation & non-trading items	1,256	782	856	2,894
Amortisation of intangible assets			(398)	(398)
Goodwill impairment			(1,983)	(1,983)
Restructuring costs	(124)		(104)	(228)
Amortisation and non-trading items	(124)	0	(2,485)	(2,609)
Segment operating profit	1,132	782	(1,629)	285
Loss on revaluation of financial derivative		(57)	(277)	(334)
Finance expense	(119)	(220)	(411)	(750)
Finance income	84	80	8	172
Segment profit before tax	1,097	585	(2,309)	(627)
Tax	(131)	(209)	(186)	(526)
Segment profit after tax	966	376	(2,495)	(1,153)
Assets and liabilities				
Segment assets	9,363	8,487	14,024	31,874
Segment liabilities	(7,081)	(2,834)	(4,870)	(14,785)
Unallocated assets and liabilities				7,778
Segment net assets	2,282	5,653	9,154	24,867
Other segment information				
Capital expenditure:				
Property, plant, equipment	335	51	611	997
Investment properties	100			100
Depreciation - property, plant & equipment	305	215	284	804
Impairment - ships		40		40
Depreciation - investment properties	36			36
Amortisation and goodwill impairment			2381	2,381

Underlying profit before tax				
Segment operating profit before tax, amortisation & non-trading items	1,256	782	856	2,894
Interest expense	(119)	(220)	(411)	(750)
Interest income	84	80	8	172
Underlying profit before tax	1,221	642	453	2,316

3. Earnings per share

Year ended 31 March	2010	2009	Change
	£ million	£ million	%
Underlying profit as above	2.69	2.31	16.4%
Tax thereon	(0.71)	(0.60)	18.3%
Underlying profit after tax	1.98	1.71	15.8%
Average no. of shares in issue (thousands)	9,032	9,024	0.09%
Diluted average no. of shares in issue (thousands)			
	9,147	9,121	0.29%
Basic EPS	58.2p	(12.8)p	
Diluted EPS	21.7p	18.8p	15.4%

4. Net Financing Costs

The Group's net financing costs fell sharply to £0.40 million (2009: £0.91 million). Excluding the non-cash impact of the collar revaluation which saw savings of £380,000, total finance costs fell by £132,000.

Year ended 31 March	2010	2009	
	£ 000's	£ 000's	(Increase) Decrease
Net financing costs as shown in Income Statement	(401)	(912)	511
Made up of :			
Pension finance costs net	(132)	(130)	(2)
Notional interest on deferred consideration	(48)	(104)	56
Amortisation of bank fees	(30)	(30)	-
Total non-cash items	(210)	(264)	433
Lease interest income	78	74	4
Net bank interest paid	(314)	(388)	74
Total net underlying financing costs	(446)	(578)	511
Interest collar revaluation	45	(334)	379
Total net financing cost	(401)	(912)	511

As shown above of the net financing costs of £0.4 million (2009: £0.9 million), net bank interest payable amounted to £314,000 (2009: £388,000).

Bank Interest Cover

Year ended 31 March	2010	2009
Underlying operating profit as above	£3.13 m	£2.89 m
Net bank interest (payable) £m	£0.31 m	£0.39 m
Bank Interest Cover	10.1x	7.4x

Since the liquidation of the interest collar in January 2010 interest costs have fallen sharply. In the current financial year if bank Base Rates remain unchanged at 0.5% with total borrowings of £5.3 million the Group's pro-forma bank interest charge with average rates of c. 3.5% for the year would be c. £0.19 million.

5. Basis of preparation

The financial statements are presented in pounds sterling, rounded to the nearest hundred thousand pounds. They are prepared on the historical cost basis except that available for sale financial instruments and derivative financial instruments are stated at their fair value.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU (adopted IFRS). During the year, the Group has adopted:

- Amendments to IAS 1 : Presentation of financial statements
- IFRS 8: Operating Segments. The Standard introduces a management approach to segment reporting and segment information is consistent with internal management reporting
- Amendments to IAS 23: Borrowing costs. No borrowing costs were incurred in relation to construction projects

At the date of authorisation of these financial statements, there are a number of Standards and Interpretations in issue but not yet effective and have therefore not yet been applied in these financial statements. The Directors anticipate that adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

The management and development of the Group's property portfolio in the Falkland Islands is now a significant part of the Group's trading activity. Accordingly, the Board has decided to report receipts from the disposal of investment property and property developments and rents received from its portfolio of residential and commercial properties as a trading activity within turnover. Associated gains and losses on the disposal of rental properties and property developments are accordingly recognised within gross profit. Prior year comparatives have been amended accordingly.

The financial information contained in this preliminary announcement was approved by the Board on 23 June 2010. The information in this preliminary announcement does not constitute the statutory accounts of the Group within the meaning of Section 434 of the Companies Act 2006. The statutory accounts of Falkland Islands plc for the year ended 31 March 2009 have been delivered to the Registrar of Companies. KPMG Audit Plc has reported on those accounts and on the statutory accounts for the year ended 31 March 2010. Both audit reports were (i) unqualified, (ii) did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985 in respect of the accounts for the year ended 31 March 2009 nor a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for the year ended 31 March 2010.