



David Hudd - Chairman
John Foster - Managing Director

Falkland Islands Holdings - Annual Results - Year ended 31 March 2007

FIH - Results overview y/e 31 March 2007



- Strong trading performance & cash flow
- Record levels of underlying profit
- Sale of entire 14.4% stake in FGML at profit of £0.49m
- Falkland Oil & Gas (FOGL) - 16.3% holding unchanged
 - Results from 2D seismic and sea bed logging due before end of year.
 - Negotiations with potential farm-in partners continuing
 - Rig for test drilling targeted for end of 2008
- Dividend proposed 7.0 pence per share (2006: 6.5p) +7.7%

FIH - Results highlights



- Group Revenue - £15.6million (2006: £15.2m)
- Underlying Profits PBTae - £1.66m (2006: £1.49m) + 11.7%
- Diluted EPS 17.1pence per share (2006: 31.3p)
- Underlying EPS* 13.4 pence per share (2006: 12.0p) +11.5%
- Cash flow from operations up 38% to £2.3m
- Strong cash position at year end - £4.96m (2006 £3.6m)
- Bank Loans O/s £2.7m (2006 £3.3m)
- NAV with FOGGL at Mkt Value 31 March 2007 - 292 pence per share
- Investment in FOGGL = 153p of FIH share price (@ 86.5p per FOGGL share)

FIH Group profitability



	12months to 31 Mar 2007 £000	12 months to 31 Mar 2006 £000	Change +/-
Turnover -continuing operations	15,618	15,209	+2.7%
Trading Profit	1,819	1,754	65
Interest net incl pensions costs	(155)	(264)	109
Underlying PBTa	1,664	1,490	+11.7%
Goodwill amortisation	(204)	(204)	-
Profit on sale of investments	485	2,135	(1,650)
Exceptional costs	(105)	(487)	382
Reported PBT	1,840	3,018	(1,178)
Diluted EPS on Underlying PBTa	13.4p	12.0p	11.5%



Segmental analysis



12Months ended 31 March	2007 £000	2006 £000	Change £ 000
Turnover			
Falklands	12,256	11,902	354 + 3.0%
Ferry	3,362	3,307	55 +0.4%
	<hr/> 15,618	<hr/> 15,209	<hr/> 409 +2.7%
Underlying PBTa			
Falklands - FIC	1,112	860	252
Ferry - PHFC	552	630	(78)
Underlying PBTa	1,664	1,490	174
			+ 11.7%

FIC Retail operations in Stanley

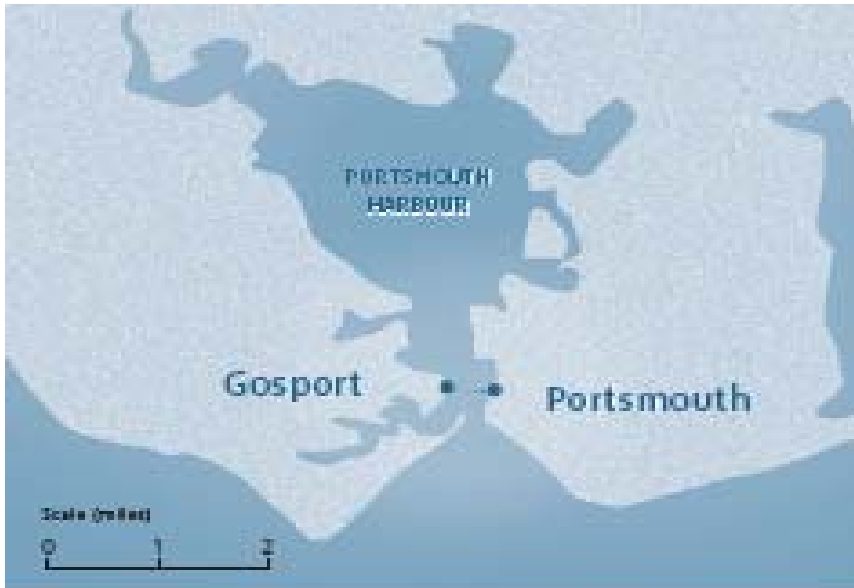


Falklands FIC - 12 months to 31 March 2007



- Strong H2 Performance - PBTa up £252k vs 2006 for ye March 2007
- Fishing Agency - Best Illex squid catch for 4 years boosted Agency income
- West Store & Capstan - Sales ahead vs 2006 - but margins under pressure
- Increased competition for Homecare DIY - contribution marginally down on prior year.
- Land Rover dealership - Record sales year - 84 vehicles (2006: 38)
- Overall retail sales - ahead 4.2% vs 2005/6.
- Upland Goose Hotel - strong H2 boosted by "Falklands 25" but modern competitor subsidised by fishing revenues means Goose was still loss making .
- Darwin Shipping - Costs tightly controlled but alternative container service via Montevideo creating competition for 3rd party freight income.
- Insurance and Property rental activities, Port services - further progress.
- Strong H2 performance from FIC underpinned growth in Group profits

Portsmouth Harbour Ferry Company



Ferry - PHFC Trading year ended 31 March 2007



- Solid contribution - PBTa £552k (2006 £630k) despite absence of Trafalgar / IFOS festivals seen in prior year which boosted profits by c £150k
- Standard Return Fares increased 11% June 2006 but held unchanged for regular users
- Ex IFOS underlying passenger numbers 2% lower than 2005/6 at c 3.6million pa
- Underlying Ferry Revenues +5%
- Costs tightly controlled
- Marginal leisure cruising activities scaled down October 06 - focus on core ferry activities
- 3 year contract to run Water Taxi for Berkeley Homes -commenced August 2006
- Discussions progressing with Council on replacement of Gosport pontoon
- Solid underlying progress in a quieter year

PHFC - Spirit of Gosport



FIH Balance sheet



	31 March 2007 £000	31 March 2006 £000	Change £000
Tangible Fixed Assets	7,856	8,042	(186)
Goodwill	3,775	3,979	(204)
Exploration investments * at cost	2,420	2,610	(190)
Total Fixed Assets and Investments	14,051	14,631	(580)
Working Capital - Net	472	690	(218)
Cash	4,959	3,601	1,358
Bank Loans	(2,733)	(3,308)	575
Net Current Assets	2,698	983	1,715
Pension Provisions & Deferred tax	(2,613)	(2,762)	(149)
Equity Shareholders funds	14,136	12,852	1,284
Net Assets per share	£1.67	£1.53	£0.14
NAV per share at Mkt value	£2.92	£4.00	(£1.08)
<i>* Market value Exploration Investments</i>	12,977	23,300	(10,323)

FIH Group - Cash flow



	31 March 2007	31 March 2006
	£000	£000
Operating profit	1,510	1,063
Depreciation	468	838
Amortisation goodwill	204	204
Working capital	121	(440)
Interest / Tax / Dividends	(914)	(1,058)
Net Cash Flow before investment	1,389	607
Capital expenditure	(282)	(490)
Sale of Subsidiary	-	178
Monies from share option subscriptions	151	3
Sale / Purchase of investment in FGML / FOGL	675	427
Net Cash Flow	1,933	725
- Decr / (Incr) Bank loans	575	(2,042)
- Incr. / (Decr.) in Cash	1,358	2,767
Decrease (Increase) in Net Debt	1,933	725

FIH Group - Net borrowings and liquidity



	31 March 2007	31 March 2006
	£000	£000
Bank Loans due within 1 year	(499)	(499)
Bank loans due after 1 year *	(2,191)	(2,724)
Unsecured Loan Notes	(43)	(85)
Total Borrowings	(2,733)	(3,308)
Cash	4,959	3,601
Net Cash	2,226	293
Increase in Net Cash	1,933	
Net Tangible Assets	10,361	8,873
Capital Gearing - gross	26.3%	37.3%
Capital Gearing - net	n/a	n/a
Unutilised facilities - Overdraft	2,000	2,300

FOGL: Seismic & CSEM survey boats



Falkland Oil and Gas (FOGL)



- FIH Shareholding unchanged at 16.3% - held as long term investment
- Book value £2.4m - Mkt value 31 March 2007 £13.0million (86.5p per FOGL share)
- FIH holding enjoys Substantial Shareholder Exemption - gains free of CGT
- Extensive review of distribution options for shareholders but all routes generate tax
- Nov 2006 £8m convertible loan note subscription by RAB Capital
- Top 10 prospects estimated to have 10 billion barrel un-risked potential by independent consultants, TRACS and risked resources of 863 mn bls
- 2D seismic 10k complete , CSEM sea bed logging phase 2 in progress - results expected in Q3 2007
- Discussions with potential Farm- in partners continuing
- Rig acquisition negotiations targeting drilling in Q4 2008

FIH Outlook



- **FIC**

- 2007/8 started well with another bumper Illex squid catch -
- Q1 activity boosted by Falklands 25 celebrations (June 14th Liberation Day)
- Retail activities face strengthening local competition - Further investment in retail activities planned - Homecare DIY rebranding
- Further infill investment in residential property
- Conversion to flats being considered for loss making Upland Goose hotel

- **PHFC**

- Discussions continuing with local council over replacement of aging Gosport pontoon
- Search for complementary acquisitions - **local services, well established companies with strong niche market position**

- **Overall**

- Solid cash generative, profitable business
- Strong Balance Sheet and Net Asset position
- Major upside linked to FOGI exploration potential



FIH - Anticipated impact of IFRS -



- No impact on current year
- Full adoption of IFRS next financial year - y/e 31 March 2008
- Interims to 30 September 2007 will be published under IFRS
- Share based payments already adopted under FRS 20 - impact £0.1m pa hit to profits
- Anticipated impact on results
 - No amortisation of goodwill - +£0.2m on reported PBT
 - Investments in FOGI will be held at market value -boost to Net Assets and Reserves c £13m
 - Property assets in Falklands to be revalued + c £1.5m to Net Assets
 - Deferred tax on all revalued assets where nbv exceeds twdv