

20 April 2011

Falkland Islands Holdings plc

Pre Close Trading Update

Falkland Islands Holdings plc ("FIH" or the "Group"), the AIM quoted international services group which owns essential services businesses focused on retail, transport and logistics and which has a major shareholding in AIM quoted oil exploration company Falkland Oil and Gas Limited ("FOGL"), is pleased to provide the following update on trading for the year ended 31 March 2011.

Overall, the Group's trading for the year was ahead of expectations and the FIH Board expects to report underlying Group pre-tax profits (before amortisation and non trading items) at a similar level to the £2.7 million reported for the year ended 31 March 2010. The FIH Board anticipates that the total dividend payment will be not less than the 9 pence per share paid for the year ended 31 March 2010.

Highlights

- Falkland Islands Company (FIC) - Stronger than anticipated performance was boosted by the economic benefits of oil exploration activity in the Falkland Islands. Retail sales increased by 21% and, despite increased shipping costs and lower profits from property disposals, FIC has produced a record result.
- Portsmouth Harbour Ferry Company (PHFC) - Previously implemented fare rises and tight control of operating costs offset a 2.7% decline in annual passenger numbers. The new pontoon at Gosport, financed by Gosport Borough Council and subject to a 50 year lease to PHFC, is expected to be installed in May.
- Momart - Market conditions were challenging, particularly in the UK Exhibitions division which saw revenues and margins fall relative to the prior year. This was partly offset by growth in the Commercial Galleries division although the net effect was flat overall sales and a significant reduction in overall profitability. Steps have been taken to improve performance in the current year.
- The Group's financial position remains strong with year end cash balances of £1.9 million and bank borrowings of £4 million
- As announced on 19 April 2011, FOGL has signed heads of agreement to enable it to drill the Loligo prospect in the first quarter of 2012 and is raising £32 million of equity to provide additional drilling options for its 2012 programme. Erebus Limited, a subsidiary of FIH, owns 12 million FOGL ordinary shares which at 31 March 2011, had a market value of £10.8 million. Erebus has agreed not to dispose of any of its FOGL shares until the earlier of the announcement by FOGL of the results of the wells drilled in this campaign or 31 May 2012.

Chairman David Hudd commented:

"I am pleased to report a good overall performance from the Group.

"FOGL has made further progress towards its objective of drilling at least one well in the first quarter of 2012. The rig contract is under negotiation and subject to it being signed an additional £32 million of equity funding has been raised sufficient to provide additional drilling options for FOGL's planned 2012 drilling programme.

"Looking forward, FIC will continue to benefit from oil exploration around the Islands which should compensate for the more testing economic conditions impacting our UK businesses.

"The Group's preliminary results for the year ended 31 March 2011 are expected to be released on 23 June 2011."

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