

Falkland Islands Holdings PLC  
08 December 2004

Falkland Islands Holdings plc  
Recommended Offer for  
The Portsmouth Harbour Ferry Company PLC

For immediate release  
2004

8 December

Third party proposal withdrawn, Offer extended and Recommendation

Key points

- The Portsmouth Harbour Ferry Company PLC ('PHFC') announced on 25 November 2004 that it had received a proposal from a potential purchaser of its business and assets
- The Board of PHFC has announced that it has considered and rejected the above proposal
- The PHFC Board announced today that it recommends PHFC Shareholders to accept the Offer and elect to receive either the Full Cash Alternative or the Part Cash Alternative
- By mutual agreement between PHFC and Falkland Islands Holdings plc ('FIH') and with the consent of the Takeover Panel, the Offer by FIH for PHFC has been extended to 1.00pm on 23 December 2004

FIH made its Offer for PHFC on 11 October 2004. FIH subsequently improved the terms of its Offer. The revised terms of the Offer give PHFC Shareholders a choice of: -

The Share Offer	7 New FIH Shares for every PHFC Share Currently worth £46.55*
The Part Cash Alternative	£25 in cash and £10 in Loan Notes
The Full Cash Alternative	£35 in cash

(\*based on the mid-market price of 665p per FIH Share at the close of business on 7 December 2004)

On 11 October 2004, the date of the announcement of the Offer, FIH was the beneficial holder of 61,149 PHFC Shares representing approximately 26.59% of PHFC's issued share capital.

Between 11 October 2004 and 3.00pm on 7 December 2004, FIH purchased 22,908 PHFC Shares representing approximately 9.96% of PHFC's issued share capital and is now the beneficial holder of 84,057 PHFC Shares representing approximately 36.55% of its issued share capital.

As at 3.00pm 7 December 2004 acceptances of the Offer had been received (and not withdrawn) in respect of 15,293 PHFC Shares (6.64% of PHFC's issued share capital). As stated above FIH already holds 36.55% of PHFC's

issued share capital. Thus the total percentage of acceptances received (and not withdrawn) and PHFC Shares held is currently 43.19% of PHFC's issued share capital.

Enquiries

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The issue of this announcement has been approved by the board of FIH. The Directors of FIH are the persons responsible for the information contained in this announcement save that the only responsibility accepted by them for the information given in relation to PHFC, which has been compiled from published sources, has been to ensure that such information has been correctly and fairly reproduced and presented. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information for which they are responsible contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the directors of FIH accepts responsibility accordingly.

This announcement has been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by Dawnay, Day Corporate Finance Limited ('Dawnay Day'). Dawnay Day, which is regulated by the Financial Services Authority, is acting for FIH and no one else and will not be responsible to anyone other than FIH for providing the protections afforded to customers of Dawnay Day or for providing advice in relation to the Offer.

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