



Falkland  
Islands  
Holdings

John Foster - Managing Director

# FIH - Overview year ending 31 March 2007

- Record levels of underlying profit @ £1.66m ( 2006 £1.49m )
- Profit Before Tax after exceptional items: £1.84m ( 2006 £3.0m )
- Sale of entire 14.4% stake in FGML at profit of £0.49m
- Falkland Oil & Gas ( FOGL ) : 16.3% holding unchanged
- EPS 13.4 pence per share **+ 11.7%**
- Healthy cash position at year end - £5.0m on hand at 31 March 2007
- Dividend proposed 7.0 pence per share (2006: 6.5p) **+7.7%**

# 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
<b>Underlying PBTa</b>	<b>1,664</b>	<b>1,490</b>	<b>+11.7%</b>
Goodwill amortisation	(204)	(204)	-
Profit on sale of investments	485	2,135	(1,650)
Exceptional costs	(105)	(487)	382
<b>Reported PBT</b>	<b>1,840</b>	<b>3,018</b>	<b>(1,178)</b>
Diluted EPS on Underlying PBTa	13.4p	12.0p	11.7%

# 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 Profit Before Tax			
Falklands - FIC	1,112	860	252
Ferry - PHFC	552	630	(78)
Underlying PBTa	1,664	1,490	174
			+ 11.7%



# Falklands FIC - 12 months to 31 March 2007

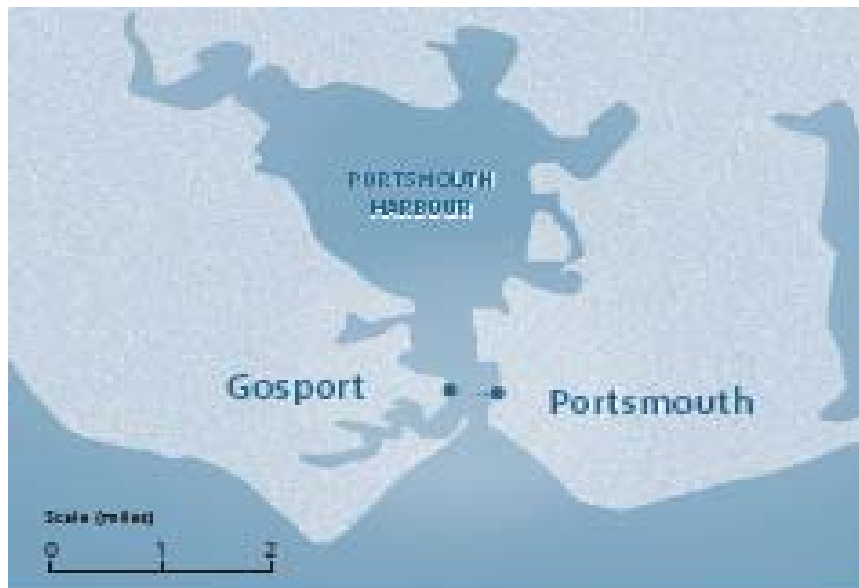
- Strong second half performance - 6 months to March 2007
- **Fishing Agency** - Best Illex squid catch for 4 years boosted Agency income
- **Land Rover dealership** - Record sales year - 84 vehicles (2006: 38)
- **Overall retail sales** - ahead 4.2% vs 2005/6- but margins under pressure
- **Upland Goose Hotel** - reduced loss due to "Falklands 25" visitors
- **Insurance and Property rental activities, Port services** - further progress

Strong H2 performance from FIC underpinned growth in Group profits

# FIC retail operations in Stanley



# Portsmouth Harbour Ferry Company





# Ferry: PHFC trading year ended 31 March 2007

- Solid contribution - despite absence of Trafalgar / IFOS festivals
- Standard Return Fares increased 11% June 2006 but held unchanged for regular users
- Underlying passenger numbers 2% lower than 2005/6 at c 3.6million pa
- Underlying Ferry Revenues +5%
- Costs tightly controlled
- 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**

# FIH outlook 2007-8

- FIC

- 2007/8 started well with another bumper Illex squid catch
- Q1 activity boosted by Falklands 25 celebrations (June 14th Liberation Day)
- [Balance of the year](#) - September - March 2008
- Further investment in retail activities:
  - Homecare DIY rebranding as *Home Builder* and *Home Living*
  - Relaunch - Gallery clothing store as *Basics*
- Further infill investment in residential property + 4 units
- Conversion to flats being considered for loss making Upland Goose hotel

- PHFC

- Discussions continuing with local council over replacement of Gosport pontoon

- Acquisitions

- *Earnings enhancing complementary UK acquisition sought during next 12 months*

# FOGL: Seismic & CSEM survey boats



# Falkland Oil and Gas (FOGL)

- FIH Shareholding unchanged at 16.3%
  - 15 million shares held as long term investment
- 2D seismic and CSEM sea bed logging programmes now complete
  - results expected in 2007
- Book value FIH stake £2.4m
  - Mkt value 31 March 2007 = £13.0million - (86.5p per FOGL share)
  - Mkt value 31 August 2007 = £22.5million - (150 per FOGL share) - £2.66 per FIH share
- Discussions with potential Farm - in partners at an “advanced” stage

**News from FOGL awaited with keen interest**



# FIH - Anticipated impact of IFRS

- International Financial Reporting Standards - IFRS
- Full adoption of IFRS this financial year - y/e 31 March 2008
- **Interims to 30 September 2007 will be published under IFRS**
- Anticipated impact on results:
  - No amortisation of goodwill - +£0.2m on reported PBT
  - Investments in FOGL will be held at market value
    - boost to Net Assets and Reserves c £13m at 31 March 2007
  - Property assets in Falklands to be re-valued + c £1.5m to Net Assets
  - Deferred tax provided on all re-valued assets where book value exceeds tax written down value. **Stake in FOGL free from UK CGT.**

# FIH - Complementary UK acquisitions

- FIH has a solid trading platform of well established businesses
- **But** UK Stock Market discounts value because of their small size
- SO: further acquisitions needed to:
  - Increase critical mass of FIH trading businesses
  - Diversify away from dependence on Falklands
  - Leverage head office / plc cost base
  - Utilise FIH cash resources and borrowing capacity
  - Boost shareholder value & enhance EPS
- Complementary UK based companies being targeted
- **Well established service companies with strong niche market position**
- Much of the purchase consideration could be funded by cash / borrowings

**Minimal shareholder dilution - maximum EPS enhancement**



**Falkland  
Islands  
Holdings**

Falkland Islands Holdings - AGM review and trading update 11 September 2007