

Falkland Islands Holdings plc

(“FIH”, “the Company” or “the Group”)

AGM Statement and Trading update

The following comments were made by Falkland Islands Holdings Chairman, David Hudd, at the Company's Annual General Meeting, held at 11.15 am today:

“The Group's operations in the Falklands Islands have continued to produce satisfactory results. Fishing support services made a stronger start to the year following improved catches of Illex squid in April and May whilst insurance broking and property rentals, have continued to make progress. A programme of refurbishment has been undertaken at the Upland Goose Hotel to enhance its customer appeal in readiness for the Austral summer. Retailing operations have performed satisfactorily during the winter period. The Group's DIY business has suffered from a slowdown in building activity in the Islands and has also been faced by stronger local competition. However, the shortfalls seen in DIY sales have been offset by encouraging growth in sales at the West Store supermarket which continues to expand its product range and at the end of August overall retail sales were marginally ahead of 2005.

The Portsmouth Harbour Ferry Company is performing well and after adjusting for the boost provided to last year by the maritime festivals, passenger numbers are in line with our expectations and prior year levels. In the absence of the festivals, revenues from leisure cruising has declined and these loss making activities are being discontinued to release capacity which will allow the extension and improvement of ferry services.

The exploration activities of Falkland Oil and Gas (“FOGL”) and Falkland Gold and Minerals (“FGML”), in which the Group has a 16.3% and 14.4% shareholding respectively, have continued to make good progress.

FOGL has completed its second 2D seismic programme and has now recorded 22,450 km of seismic, mapping over 100 prospects and leads. A programme of Controlled Source Electro-Magnetic surveys and infill 2D seismic is now planned to grade and reduce the risk profile of the prospect inventory, in preparation for the selection of drilling locations. Concurrently, discussions with potential third party participants and exploration partners are being progressed. FOGL's objective is to commence drilling in 2008 and a number of potential rig options are being evaluated.

FGML is now well into its second year of exploration on the Islands. Its work programme which involves ground magnetic, sampling and trenching and drilling has continued through the winter and is likely to continue well into 2007. The programme will be funded from FGML's existing cash resources.

Your Board is confident that the level of underlying profitability will be maintained in the current year.”

13 September 2006

Enquiries:

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