

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 2.30pm today:

“Since we announced our results on 13 June 2007, the Group's trading outlook has remained positive.”

The Group's operations in the Falklands Islands have had an encouraging start to the current financial year with fishing support services boosted by the best Illex squid catch since 2000. In addition the commemoration of the 25th anniversary of the Falklands conflict, which reached its peak in June, resulted in an increased number of visitors in this normally quiet winter period and helped boost consumer spending.

Since then commercial activity in the Islands has returned to normal levels. Insurance broking and property rentals are continuing to make good progress and we will be adding a further four rental units to the Company's portfolio of 25 investment properties in the coming year.

To strengthen the competitiveness of retail operations, the Group has made significant changes to its non food operations. The complete refurbishment and re-launch of the DIY business is underway creating two separate brands. “Home Builder”, which sells heavy building materials and tools targeted at the professional builder and “Home Living” selling soft furnishings and household goods together with a kitchen and bathroom design service, focussed on the domestic customer. The clothing store the “Gallery” has also been re-branded and now offers a simpler range of less fashion oriented clothing; offering choice and excellent value under the “Basics” brand. Local competition still remains strong and further investment in the retail businesses is planned to ensure the Company maintains its market leading position. In the five months to 31 August 2007 retail sales were 0.7 % ahead of the same period in 2006 .

The Portsmouth Harbour Ferry Company has continued to perform well during the busier summer months and despite poor weather this year passenger numbers have held up well in comparison with 2006. For the five months to 31 August passenger numbers were 1.0% ahead of the same period last year. A general fare increase of 5% was implemented on June 1 2007. Discussions are in progress with Gosport Council regarding the introduction of a new pontoon and landing stage in late summer 2008. Minimal disruption to passenger services is anticipated. In addition work has started this month to refurbish and modernise the Company's own pontoon on the Portsmouth side of the harbour.

The exploration activities of Falkland Oil and Gas (“FOGL”) in which the Group holds 15 million shares representing a 16.3% stake, have continued to make progress.

In July 2007 FOGL completed its 2D seismic programme and processing of the data set is well underway. In late August FOGL's CSEM seabed logging programme was completed and the processing of these results will take place in the final quarter of 2007. In late July FOGL issued a statement confirming it was in “advanced discussions” with a potential farm-in partner and we await with keen interest further news of these developments.

Your Company's cash resources remain strong and profitability in the current year is progressing in line with our expectations.

Your Board is pleased to note the recent increase in the Company's share price and will seek to further underpin that value by seeking out selective acquisition opportunities of profitable businesses in the coming year."

All resolutions put to the meeting this afternoon were approved by shareholders.

David Hudd

11 September 2007

Enquiries:

Falkland Islands Holdings

David Hudd, Chairman

John Foster Managing Director

Tel: 07771 893 267

Tel 07710 764556

College Hill

Nick Elwes

Tel: 020 7457 2020

www.fihplc.com