



An Introduction to Falkland Islands Holdings

July 2009



Falkland Islands Holdings Plc



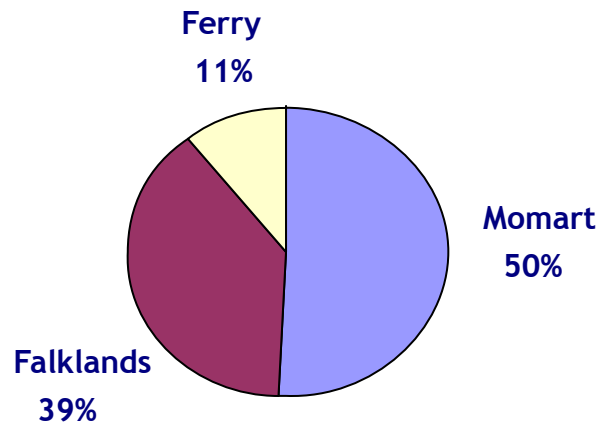
Falkland Islands Holdings Plc

- An AIM group comprising three profitable , cash generative support services businesses
 - Major themes : Transport , Logistics & Retail
 - Major shareholding in exploration company Falkland Oil and Gas
- 3 core operating companies
 - Falkland Islands Company - FIC - established 1852 under Royal Charter
 - PHFC - Portsmouth harbour passenger ferry - established 1874
 - Momart International - established 1971
- Group run for the long term by experienced management
- Maintenance and growth of Dividends is paramount
- Businesses are resilient and have different commercial and economic drivers. Should be able to withstand current recession without compromising dividend
- FOGL offers enormous upside potential with BHP Billiton committed to drill 2 wells
- Success for other Falklands operators would also transform the economy and the prospects of FIC

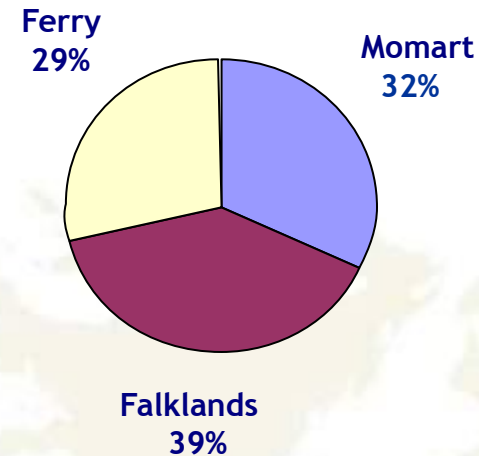
Revenue and Operating Profits

Year ended 31 March 2009

Revenue 2009

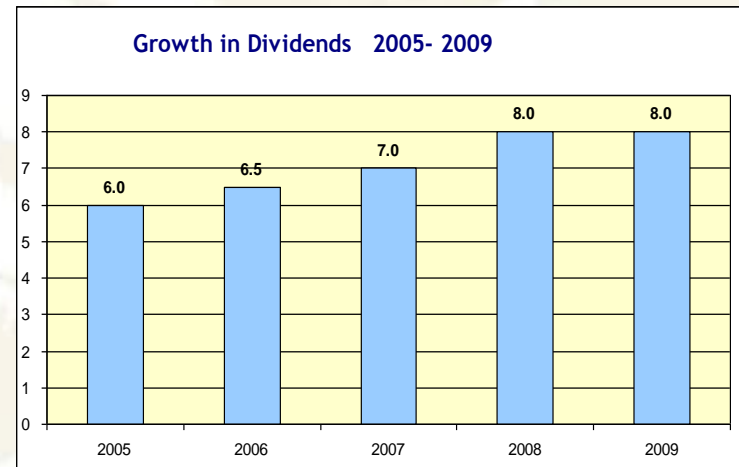
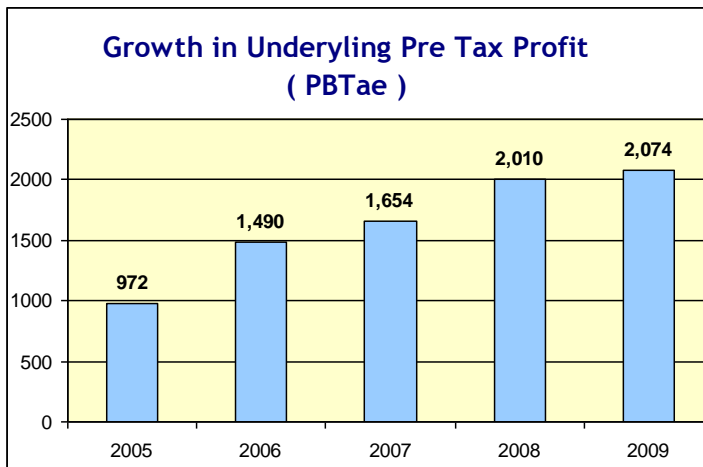
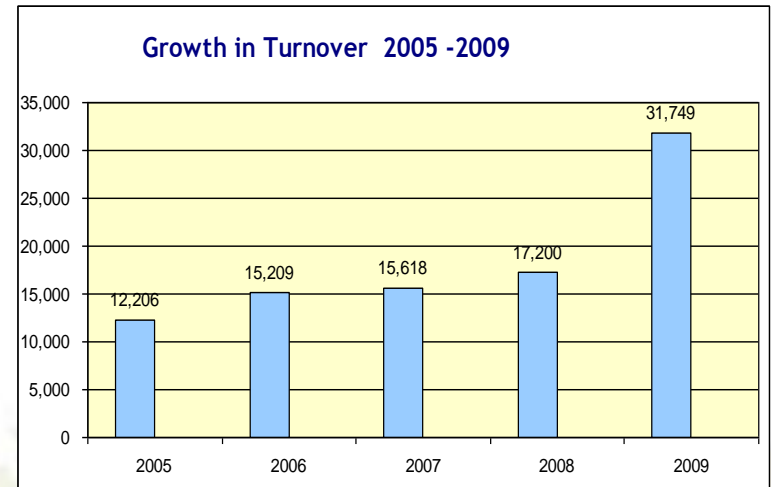
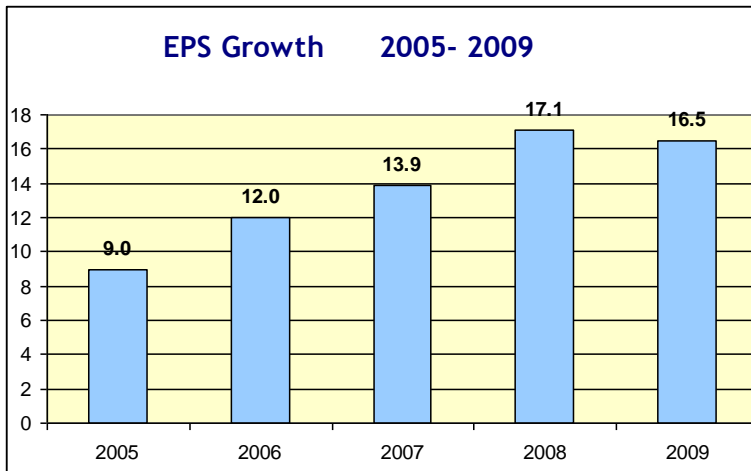


Underlying Operating Profit 2009



Operating Profit as reported ,
after allocating central overheads

FIH - 5 Year Track Record



Falkland Islands Company FIC



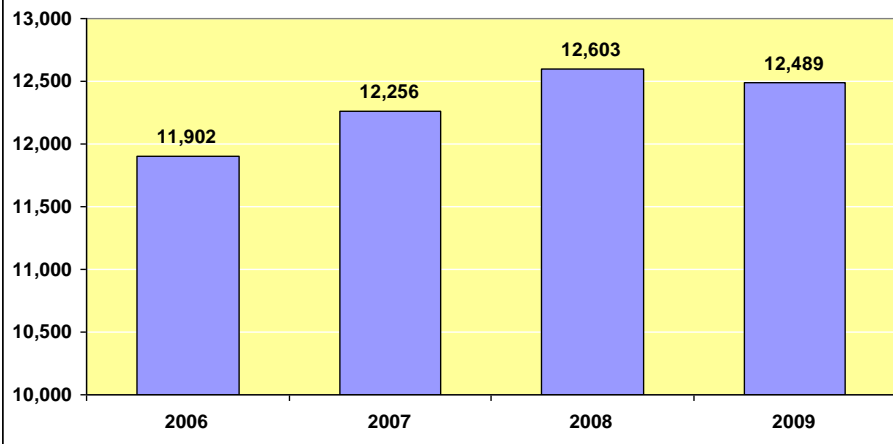
Falkland Islands Company - FIC

- Falkland Islands economy overview:
 - Population 3,000 and GDP per head UK +30%
 - UK dependent territory but economically independent of UK other than defence
 - Fishing licence income 50% of Falkland Islands Government (FIG) revenues - FIG employ c50% of workforce
- FIC Y/e March 2009: Revenue £12.5m, Profits £1.0m, 90 employees
- Retail: 60% market share - 5 Outlets - Supermarket, Home entertainment, Tourist gifts, DIY & Home furnishing & General Store at Mount Pleasant base.
- Motor: Land Rover and Ford dealership supplying islanders, MoD and their contractors
- Support Services
 - Darwin Shipping: Shipping services and stevedoring on MoD vessels - 10 return sailings pa
 - Fishing Agency: Agency services for international squid & fishing fleets - 2 launches
 - Insurance broking: Only local insurance broker representing sole provider- CAIC
 - Penguin Travel: Local tours for cruise ship passengers - London bus + 4 coaches
- Property
 - Portfolio of 28 residential and commercial properties - Fully let -Gross yield on cost - 20% pa
 - Residential development - conversion of Upland Goose into 12 units for sale
 - Land Bank 100 acres in and around Stanley - Nbv £2.0m including Dairy Paddock with Planning for 350 houses on 37 acre site

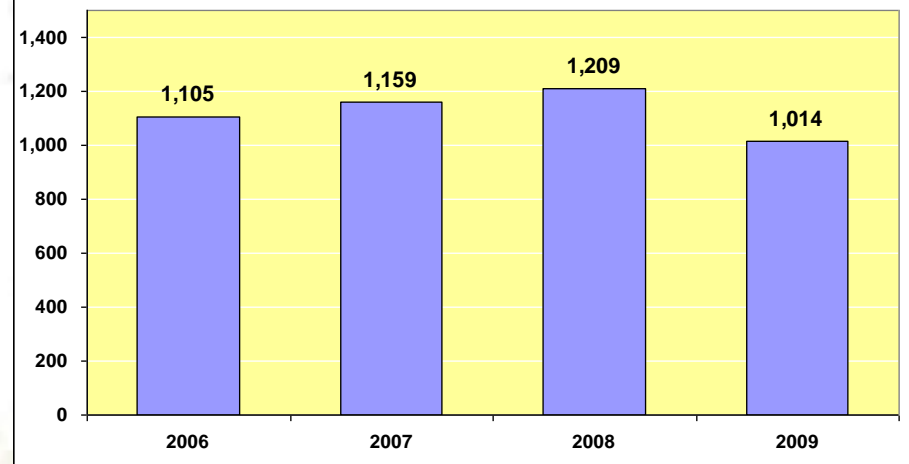
FIC Financial History

Years ended 31st March

FIC Revenue £000's Y/e March 2006 - 2009

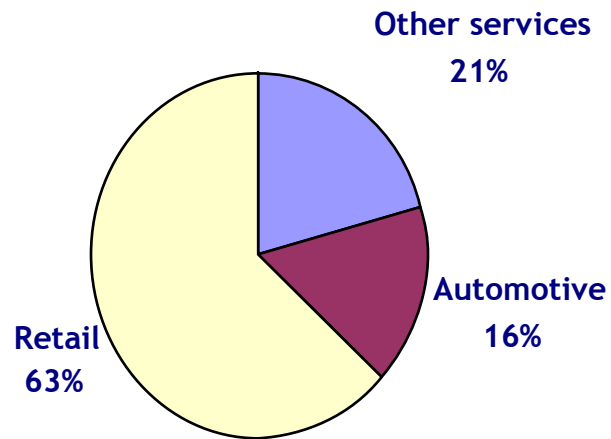


FIC Operating Profit £'000's Y/e March 2006 - 2009



FIC Revenue Split - Year ended 31 March 2009

Falklands Revenues 2009



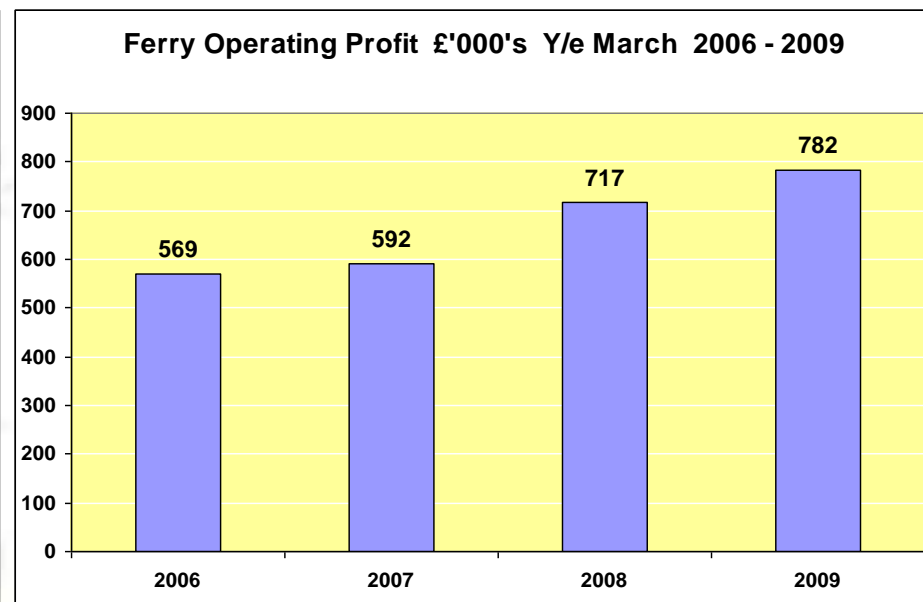
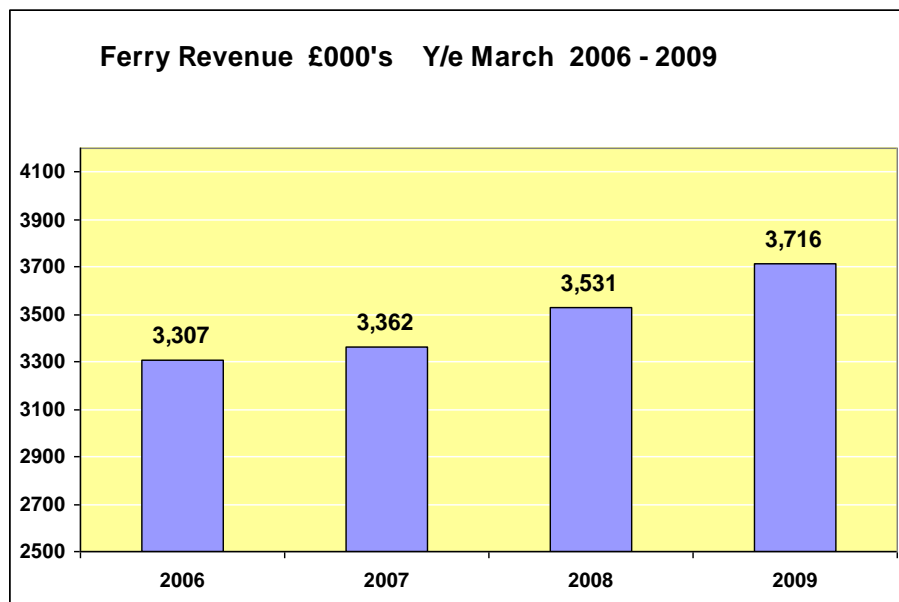
Portsmouth Harbour Ferry Company



- Since 1874 has provided ferry service for foot passengers, cycles and motor cycles - 1/3rd mile across mouth of harbour from Gosport to Portsmouth :
- Service 364 days a year, 18 ½hrs each day from 05.30am - Midnight
- Journey time 5 mins -Every 7.5mins at peak times
- 4 purpose built vessels
- Revenue £3.7m , Profits £0.7m, 40 employees
- Excellent value - Adult return fare £2.30, Child / Senior return £1.50
- 3.7 million passenger journeys per annum - steady growth in recent years +1-2%pa
- “It’s shorter by water!” - cheaper and greener!
- Dominant local position serving local community of Gosport and Portsmouth
- Strong net margins and cash flow

PHFC Financial History

Years ended 31st March



Momart International



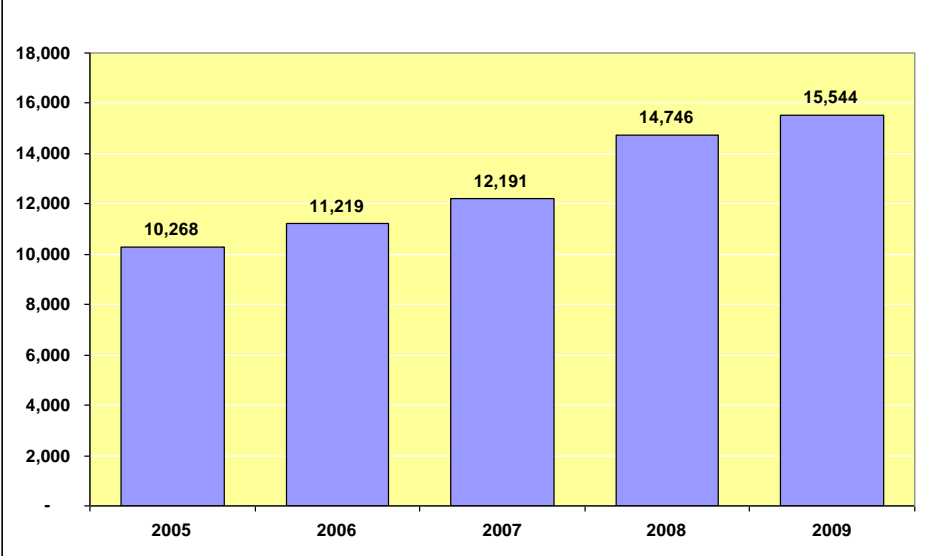
Momart International

- Specialist transport & logistics company serving the fine art market in UK and overseas since 1971
- Market leading position- Excellent reputation, Highly specialist service with high barriers to entry
- 3 Business Streams :
 - **Museum Exhibitions :- (55%) Consulting , planning , packing , transport and installation**
 - **Clients include: British Museum, Royal Academy, V&A, The Royal Collection, Henry Moore Foundation**
 - **Commercial Galleries : (30%) Logistics services for galleries and artists - incl. major art fairs and auctions**
 - **Clients include: White Cube , Damien Hirst , Sotheby's Antony Gormley**
 - **Storage : 70,000sq ft of secure warehousing for client storage - strong demand and recurring revenues**
- Key Staff Retained - Strong second tier - 10 dept heads with over 150 years combined length of service
- Solid growth record over 20 years
- 12 months to March 2009, Revenue £15.5m, Profits £0.86m, 118 employees in 2008-9 (now 108)

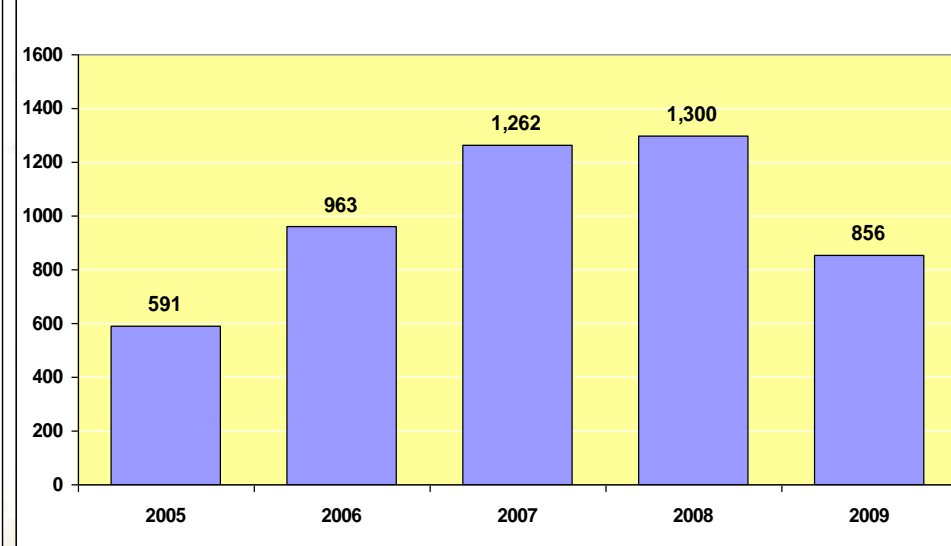
Momart - Financial History

Years ended 31st March
(31 August pre Acquisition 2005-2008)

Momart Revenue £000's 2005 - 2009



Momart Operating Profit 2005 - 2009 £'000's

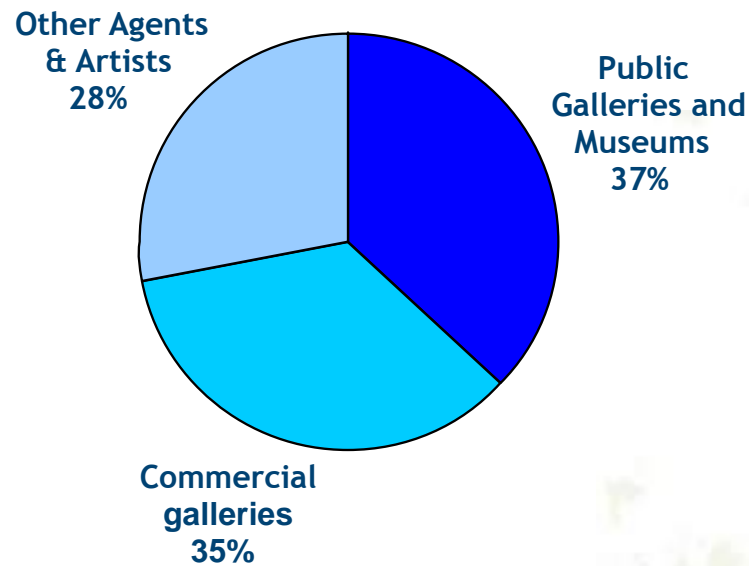


Operating Profit as reported ,
after consistent allocation of central overheads

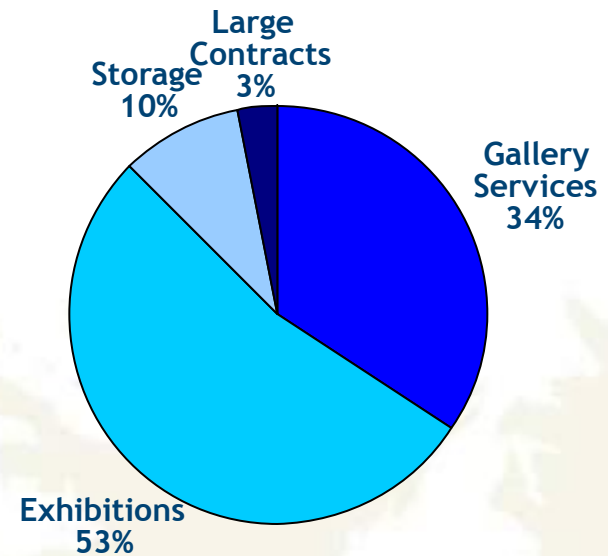


Momart - Revenue Analysis

Analysis of Top 100 Clients



Revenue by Category



Momart Clients & Recent Contracts

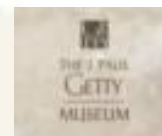
- British Museum - Arts & Empire - Summer 2009
- Jeff Koons - Serpentine - Summer 2009
- International Baroque - V & A - June 2009
- Byzantium, Royal Academy Spring 2009
- Van Dyck Tate Britain Spring 2009
- Babylon - British Museum Spring 2009
- Damien Hirst - Sotheby's auction Sept 08
- Klimt, Tate Liverpool - Summer 2008



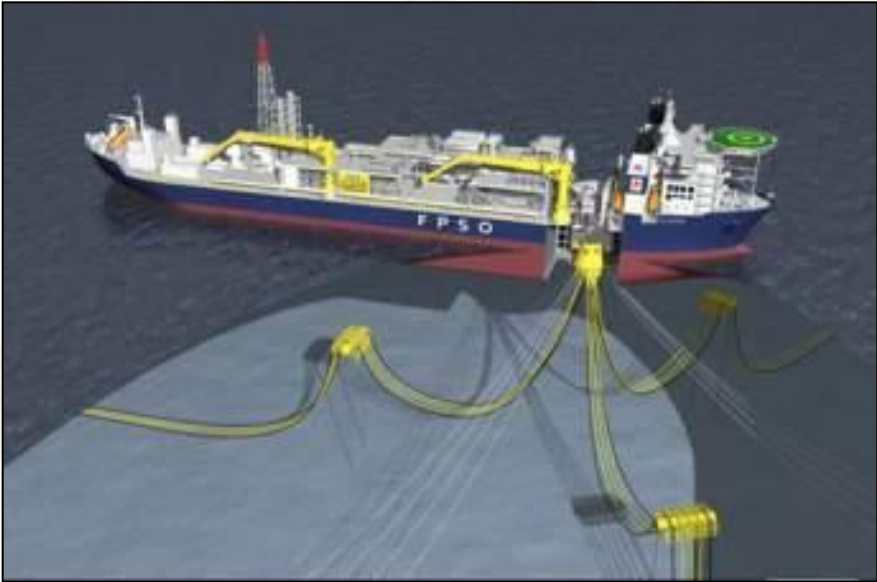
Antony Gormley



Damien Hirst



Falkland Oil & Gas FOGL



Falkland Oil and Gas (FOGL)

- FOGL listed on Aim in October 2004 - public offer and raising £12m - and subsequently has raised a further £25million .
- FIH holding 15million shares, Free of CGT, representing a 14.6% holding ,held as long term investment
- FIH holding equivalent to 1.67 FOGL shares for every FIH share
- Book value = £2.4m at cost (16p)
- Market value of FIH holding = £15.0m. (@ £1.00 per FOGL share) - equivalent to 167p per FIH share
- FOGL Market capitalisation June 2009 £105m (@ 100p per FOGL share)
- October 2007 - BHP Billiton farmed in to the licences paying \$12.75million , committing to drill 2 wells and paying 68% of the drilling programme cost

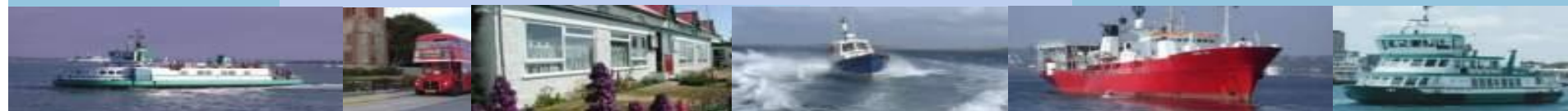
Falkland Oil and Gas (FOGL)

- BHP Billiton progressing pre-drilling programme
 - Environmental Impact Assessments
 - Wave and current metering
 - Surveys of drill sites
 - Sea bed coring
- Pre drilling work progressing to enable drilling to start before end 2010.
- 4 prospects chosen for site surveys have combined potential of over 8 billion barrels - Loligo , Toroa, Nimrod, Endeavour.
- Objective to be drill ready by end of Q3 2009
- Suitable deep water drill being actively sought by BHP Billiton
- Successful FOGL Placing May 2009 raised £7.6m gross to fund pre drilling costs
- FIH holding now 14.6 % (previously:16.3%) following Placing - potential upside for FIH remains

FIH - Group Outlook 2009-10

Stable - but tough trading conditions set to continue

- **FIC**
 - Slow start to year - illex squid catch failed April/May 2009
 - New Retail Director from UK - leading team by example
 - Enlarged competitor supermarket opened April 09 but West Store expansion due later this year
 - Conversion of Upland Goose progressing - sales expected H2
 - Cruise ship linked revenues likely to be affected by global recession
 - Oil exploration offers potential stimulus if progress made in current year
- **PHFC**
 - New ferry terminal expected late 2009 - costs borne by ferry company - passed on in fare increases
 - Passenger numbers expected to fall marginally as recession restricts discretionary travel
- **Momart**
 - New lower cost service options being developed
 - Exhibition and Gallery activity expected to hold at current levels
 - Steady increase from Storage revenues- additional warehouse in place



FIH - Summary - Investment Case

- Market leading niche businesses focussed on Transport and Logistics:
- Upside potential of 15 million shares held in Falkland Oil and Gas
- Strong but diversified earnings base not linked to any particular economy
- Yield Stock - 8 years of annual dividend increases -dividend maintained in 2009
- Experienced board and management with track record of delivery
- Oil exploration news flow will stimulate market interest
- Defensive, yielding, high impact investment potential

Appendices

Additional Information on Falkland Islands Holdings

A faint, light-colored world map is visible in the background of the slide, centered behind the main text.

Management Team

- **David Hudd, Chairman**

David joined the Board on 4 March 2002. He is a Chartered Accountant and was a partner in Price Waterhouse until 1982. Since then, he has been Chairman or Chief Executive of a number of listed companies. He was, until April 1998, Executive Chairman of Vardon plc (now Cannons Group Limited), a Company he founded. He is currently non-executive Deputy Chairman of Falklands Oil and Gas Limited.

- **John Foster, Managing Director**

John joined the Board on 26 January 2005. He is a Chartered Accountant and previously served as a Plc Finance Director for international software company Macro 4 plc and world famous toy retailer, Hamleys plc. Prior to joining Hamleys, he spent three years in charge of acquisitions and disposals at FTSE 250 company Ascot plc and before that worked for nine years as a venture capitalist with a leading investment bank in the City.

- **Sir Harry Solomon (Non Executive - Chairman of the Remuneration committee)**

Sir Harry was appointed to the Board on 8 December 1999. He was joint founder, CEO then Chairman of Hilldown Holdings pc and subsequently became Chairman resigning in 1992. He is currently a director of a number of both private and public companies.

- **Mike Killingley (Non Executive - Chairman of the Audit Committee)**

Mike was appointed to the board on 26 July 2005. He is a chartered accountant and was a partner of KPMG (and predecessor firms) from 1984 to 1998. He is currently non executive chairman of Beales plc, a listed company.

Revenue and Profits - Y/e March 2009

	31 March 2009 £000	31 March 2008 £000	Change £000
Falklands	12,489	12,603	-0.9%
PHFC	3,716	3,531	5.2%
Momart	15,544	1,066	
Turnover from Continuing Operations	31,749	17,200	84.5%
Falklands	1,014	1,209	-16.1%
PHFC	782	717	9.1%
Momart	856	112	
Operating Profit	2,652	2,038	30.1%
Net Bank & other Interest & fees	(448)	101	1
Net Pension Financing costs	(130)	(129)	(5)
Net Financing costs	(578)	(28)	(4)
Underlying Profit (PBTa)	2,074	2,010	+3.1%
EPS on Taxed PBTa	16.5p	17.1p	

FIH Balance sheet

FIH Group Balance Sheet	31 March 2009 £000	31 March 2008 £000	Change £000
Property , Plant and Equipment	7,672	7,383	289
Investment properties	1,769	1,557	212
Intangibles & Goodwill	13,907	16,335	(2,428)
Deferred Tax assets & sundry other	594	747	(153)
Investment in FOGL at Mkt value	10,890	18,450	(7,560)
Total Fixed Assets and Investments	34,832	44,472	(9,640)
Working Capital - Net	(1,166)	1,167	(2,333)
Cash	3,004	2,995	9
Net Operating Assets	36,670	48,634	(11,964)
Income Tax payable	(518)	(1,356)	838
Bank Loans & Deferred Consideration	(7,195)	(9,056)	1,861
Pension Provisions & Deferred tax	(4,090)	(4,194)	104
Equity Shareholders funds	24,867	34,028	(9,161)
Net Assets per share	£2.74	£3.76	(£1.02)

FIH Group -Cash flow

FIH Group Cash Flow	31 March 2009	31 March 2008
	£000	£000
PBTae	2,074	2,010
Depreciation	880	534
Share based payments and non cash interest	431	243
Tax paid	(1,427)	(460)
Decrease in working capital	1,938	671
Other	(293)	(19)
Net Cash Flow from Operating Activities	4,189	2,979
Capital expenditure	(1,417)	(953)
Dividends paid	(722)	(591)
Net bank interest paid	(363)	6
Loan Repayments	(608)	(1,936)
New Loans drawn down	166	3,841
Cash paid for Momart incl deferred consid.	(1,697)	(5,343)
Proceeds from asset disposals	461	23
Other	-	10
Net Cash Flow	9	(1,964)

FIH Group - Net borrowings and liquidity

FIH Group Net Borrowings	31 March 2009 £000	31 March 2008 £000
Bank Loans due within 1 year	(500)	(536)
Bank loans due after 1 year	(4,988)	(5,458)
Contingent Consideration due within 1 year *	(1,573)	(1,505)
Contingent Consideration due after 1 year	-	(1,517)
Other borrowings - Leases etc	(134)	(40)
Total Borrowings	(7,195)	(9,056)
Cash	3,004	2,995
Net (Borrowings) Cash	(4,191)	(6,061)
(Increase) / Decrease in Net Borrowings	1,870	(8,287)
Net Tangible Assets	10,960	17,693
Capital Gearing - gross	65.6%	50.4%
Capital Gearing - net	38.2%	34.3%
NOTES		
Base Rate Collar taken out on £3m (Floor 4.25% , Cap 6.25%)	*Contingent Consideration is guaranteed by HSBC	Unutilised RCF Facility £2m as at March 2009

Timeline

- Current Group built on conservative basis by current Board;
- Falkland Islands Company - Royal Charter Company formed 1852 originally farming now providing comprehensive range of services to the Islanders
- In 1998 FIH returns to Stock Exchange as listed company
- 2000 HSBC sell 30% to Leonard Licht and Sir Harry Solomon ,David Hudd joins in 2002
- November 2004 Falkland Gold & Minerals (FGML) listed in public offer raising £10m
- October 2004 Falkland Oil and Gas listed in public offer raising £12m
- 2004 Portsmouth Harbour Ferry Company (PHFC) acquired in contested public offer for £7.5m.
- John Foster joins board in Jan 2005
- Holding in FGML sold at profit of £0.5m Jan 2007
- March 2008 - Momart International - Specialist mover of fine art purchased for £10.3m



 Falkland
Islands
Holdings