



Falkland Islands Holdings plc

David Hudd - Chairman

John Foster - Managing Director

Results for the year ended 31 March 2006

FIH - Results overview

- Record level of profitability - PBT £3.1 million (2005: £0.9m)
- Successful consolidation following recent strategic expansion
- Solid performance from Falklands despite subdued economic conditions in Islands
- Strong maiden contribution from PHFC's UK ferry operations buoyed by maritime festivals in summer 2005
- Buoyant FOGI share price gave opportunity to strengthen group reserves

FIH - Results overview

- Sales £15.7million (2005: £12.8m)
- Underlying PBTa £1.56m* (2005: £0.9m)
- Profit on sale of 2% stake in FOGL Feb 2006 - £ 2.1m
- Basic EPS 32.6 pence per share (2005: 8.2p)
- Underlying EPS* 12.7 pence per share (2005: 9.1p) +39.5%
- Dividend proposed 6.5 pence per share (2005: 6.0p)+8.3%
- NAV at Mkt Value 31 March 2006 - 400 pence per share

FIH Group Profitability

	31 March 2006	31 March 2005	Change
Turnover	15,736	12,754	23.4%
Trading Profit	1,824	1,057	
Interest	(264)	(85)	
Underlying PBTa*	1,560	972	+60.5%
Goodwill	(204)	(65)	
Exceptional items	(487)	-	
Profit on sale of investments	2,219	-	
Profit Before Tax	3,088	907	
EPS on underlying PBTa	12.7	9.1	+39.6%

Segmental Analysis

	2006 £000	2005 £000		Change £ 000
<u>Turnover</u>				
Falklands	11,902	11,468	+3.7%	434
Ferry	3,307	738	16 weeks	2,569
Discontinued	527	548		(21)
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	15,736	12,754		2,982
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<u>PBTa</u>				
Falklands - FIC	893	908		(15)
Ferry - PHFC	667	64		603
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Underlying PBTa	1,560	972		588

Falklands FIC - Year ended 31 March 2006

- PBTa £893k (2005: £908k)
- Solid Performance despite subdued trading environment
- **Fishing Agency** affected by early closure of squid fishery April 05
- **Retail**
 - West store supermarket sales ahead - broadened range & new cafe
 - DIY sales down - reduced confidence
 - Overall retail sales 1.4% ahead
- **New MoD arrangements** from September 2005 insulated company against further fuel / charter cost increases on shipping goods to Islands
- **Upland Goose Hotel** - disappointing - nbv written down by £382k
- **Insurance** commissions - steady growth
- Overall Contribution satisfactory in quiet economic conditions

Ferry - PHFC -Year ended 31 March 2006

- **Strong maiden contribution £667k (2005: £64k 3 ½ months)**
 - Buoyant first half -International Festival of the Sea / Trafalgar 200 - boosted activity
 - Solid second half -passenger volumes stabilising at close to prior year levels
- Costs tightly controlled
- Service reliability levels - 99.7% (18 ½ hours per day 363 days per year)
- SHRT - Tram / Tunnel project under harbour - now defunct
- Upside possible for ferry from upgraded public transport links
- “Through ticketing” with local bus company now in place

FIH Balance Sheet	31 March 2006 £000	31 March 2005 £000	Change £000
Tangible Fixed Assets	8,042	8,501	(459)
Goodwill	3,979	4,136	(157)
Exploration Assets *	2,610	900	1,710
Total Fixed Assets and Investments	14,631	13,537	1,094
Working Capital - Net	690	216	474
Cash	3,601	914	2,687
Bank Loans	(3,308)	(1,346)	(1,962)
Net Current Assets	983	(216)	1,199
Deferred tax	(853)	(882)	29
Pensions	(1,909)	(1,648)	(261)
Equity Shareholders funds	12,852	10,791	2,061
Net Assets per share	153p	129p	+24p
NAV per share at Mkt value	400p	373p	+27p
* Market value at 31 March	£23.3m	£21.4m	+£1.9m

FIH Group -Cash flow

	31 March 2006	31 March 2005
	£000	£000
Operating profit	1,133	992
Depreciation	838	292
Profit on sale of fixed assets	(12)	-
Amortisation goodwill	204	65
Working capital	(498)	(572)
Interest / Tax / Dividends	(1,058)	(629)
Net Cash Flow before investment	607	148
Net Capital expenditure	(490)	(1,099)
Sale/(purchase) of subsidiary	178	(5,556)
Net investment /sale of FOGL shares	427	(622)
Cash Flow before Financing	722	(7,129)
Financed by: -(Incr) Bank loans	(2,042)	(721)
- Issue of shares	(3)	(5,682)
- Incr. /(Decr.) in Cash	2,767	(726)
Cash Flow before Financing	722	(7,129)

FIH Group -Net Cash and liquidity

- Strong cash and liquidity position

	31 March 2006 £000	31 March 2005 £000
Bank Loans due within 1 year	(499)	(472)
Bank loans due after 1 year *	(2,724)	(746)
Unsecured Loan Notes	(85)	(128)
Borrowings	(3,308)	(1,346)
Cash	3,601	914
Net Cash / (Borrowings)	293	(432)
Total unutilised facilities at period end	2,300	3,300

Falkland Oil and Gas (FOGL)

- FIH Shareholding now 16.3% - 15 million shares
- 1.8 FOGL shares for every FIH share
- Book value £2.4 million at cost
 - Market value 31 March 2006 - £21.5 million (143.5p)
 - Market value 30 June 2006 - £16.5 million (110p)
- Licences over 79,000 sq km - equivalent to 312 North Sea blocks
- 22,450km 2D Seismic now completed - data analysis on going.
- Discussions with potential partners continuing
- Further exploration planned for next Austral summer (Nov - March 2007)

Falkland Gold and Minerals (FGML)

- Held as long term investment
- FIH Shareholding **14.4%** - 11,250,000 shares
 - Book value £0.2 million
 - Value at 31 March 2006 £1.8m (15.75p per share)
 - Value at 30 June 2006 £1.4m (12.5p per share)
- Exclusive licence to explore whole of Falklands 12,000 sq km for gold and minerals
- 10 target sites investigated to date
- 14,000m drilled
- 7 further targets to be investigated
- Geochemical peat soil sampling planned
- £6.6m cash reserves as at 31 March 2006 - 8.4p per share
- Drilling programme to continue well into 2007

FIH outlook

- FIC
 - +Prospects for Fishing Agency improved with recovery in squid catch in Spring 2006
 - +Improvement in general economic outlook should help current year
 - +Further growth in cruise boat passenger visitors expected
 - +Positive news on oil exploration /minerals would stimulate growth
- PHFC
 - Summer 2006 won't have maritime festivals seen in 2005
 - Stable passenger volumes
 - Steady underlying profitability
- Strategic
 - Complementary UK acquisitions still being sought - subject to delivering improved shareholder value
- OVERALL
 - Solid cash flow and profits
 - Exceptional Upside linked to successful oil / minerals exploration