

THIS DOCUMENT IS IMPORTANT.

If you are in any doubt about its contents, or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or transferred all your shares in Falkland Islands Holdings plc, you should pass this document and the accompanying documents to the purchaser or transferee or to the person through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Falkland Islands Holdings plc

(Incorporated in England and Wales with registered number 3416346)

Annual General Meeting

Thursday 9 September 2010

To Shareholders and, for information only, to the holders of options under the Company's share option schemes.



Falkland Islands Holdings plc

(Incorporated in England and Wales with registered number 3416346)

Directors:

David Hudd (Chairman)
John Foster
Mike Killingley
Jeremy Brade

Registered Office:

Kenburgh Court
133-137 South Street
Bishop's Stortford
Hertfordshire CM23 3HX

9 July 2010

Dear Shareholder

The 2010 Annual General Meeting is to be held at the offices of Financial Dynamics, Holborn Gate, 26 Southampton Buildings, WC2 1PB on Thursday 9 September 2010 at 2.30 pm. The formal Notice convening the meeting is set out on pages 6 and 7 of this document. In addition to the ordinary business set out in items 1 to 6 of the Notice, you will find Resolutions numbered 7 to 11 which will be proposed as special business at the meeting. Resolutions 7 to 10 will be proposed in order to renew or replace authorities and powers given by shareholders at the last Annual General Meeting. This Circular provides you with an explanation of those items of special business and explains the action you should take.

Resolution 7 – Authority to allot relevant securities

This resolution would give the Directors the general authority to allot relevant securities (such as ordinary shares in the Company) up to a maximum nominal amount of £340,163 (representing a maximum number of 3,401,630 ordinary shares of 10p each) being 37.4% of the issued share capital. This general authority is at the same level as last year in order to continue to afford the Company the flexibility to raise further funds in order to finance future acquisitions other than by way of debt and without incurring the costs of convening an additional shareholder meeting. This authority would expire on 30 September 2011 or, if earlier at the conclusion of the Annual General Meeting in 2011.

Resolution 8 – Disapplication of statutory pre-emption rights

This special resolution seeks to give the Directors the power to allot a limited quantity of equity securities (such as ordinary shares in the Company) for cash without first offering them to existing shareholders. The authority is limited to the allotment (otherwise than pursuant to a rights or similar issue) of equity securities of a maximum nominal amount of £90,972 representing a maximum number of 909,718 ordinary shares of 10p each or approximately 10% of the Company's issued ordinary share capital at 9 July 2010. This power would afford the Company the flexibility to raise further funds in order to finance future acquisitions other than by way of debt (for instance through a placing of new ordinary shares) and without incurring the costs of convening an additional shareholder meeting. This power would expire on 30 September 2011 or, if earlier, at the conclusion of the Annual General Meeting in 2011.

Resolution 9 – Purchase of own shares

This special resolution would give shareholders' authority for the Company to make market purchases of its own ordinary shares. The Directors have no present intention of exercising this authority but would wish to have the flexibility to do so in the future. Purchases of own shares would only be made through the London Stock Exchange. Any shares purchased would be cancelled and the number of shares in issue would thereby be reduced. Accordingly, the Directors will only exercise the authority to make purchases of shares granted by this resolution if they believe that to do so would result in an increase in earnings per share and is in the best interests of the shareholders generally. The maximum number of shares which may be purchased is 909,718, representing approximately 10% of the Company's issued ordinary share capital at 9 July 2010. The authority would, again, expire fifteen months after the date of the resolution or, if earlier, at the conclusion of the Annual General Meeting in 2011. The minimum price that could be paid for an ordinary share would be 10p and the maximum price would be equal to 105 per cent of the average of the middle market quotations for an ordinary share as derived from The Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased in each case excluding expenses. The Directors expect that, if the authority were to be exercised, the consideration for such purchases would be defrayed by utilising the distributable reserves of the Company.

Resolution 10 – Political donations

Neither the Company nor any of its subsidiaries have made any donations to political parties in the European Union ("EU") in 2010 and it is Company policy not to do so. However, the relevant legislation, which is now the Companies Act 2006 ("the Act"), defines EU political organisations very widely and, as a result, in certain circumstances donations intended for charitable or similar purposes may be regarded as political in nature.

In order to comply with these obligations and to avoid any inadvertent infringement of the Act, the Directors consider it prudent to seek shareholder approval for a general level of donation. Resolution 10 seeks authority for the Company and its trading subsidiaries to make donations to EU political organisations or to incur EU political expenditure not exceeding £50,000 in total during the period from 9 September 2010, the date of the 2010 Annual General Meeting, and ending at the end of the next Annual General Meeting of the Company to be held in 2011, or, if earlier on 30 September 2011.

Resolution 11 – Adoption of new articles of association

This special resolution adopts new articles of association principally in order to take account of the various changes in company law brought in by the Companies Act 2006, which came into full effect on 1 October 2009. In the course of reviewing the articles the opportunity has also been taken to update a number of administrative provisions, for example to facilitate communication with shareholders by electronic means, in cases where the relevant shareholders have indicated their willingness to receive communications in this manner.

A more detailed explanation of the main differences between the existing articles of association and the proposed new articles of association is set out in the Appendix to this Circular.

In addition, the Companies Act 2006 had the effect of deleting the memorandum of association of all companies and transferring the provisions of the memorandum to become a sort of appendix to the articles of association. It is no longer required under the Companies Act 2006 for companies to have an objects clause or to retain other provisions of the memorandum and the first part of Resolution 11 has the effect of deleting these former provisions of the memorandum. Assuming that Resolution 11 is passed, the new articles of association will be the only constitutional document for the Company going forward.

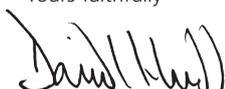
Action to be taken

Shareholders will find enclosed a Form of Proxy for use in connection with the Annual General Meeting. Whether or not you are able to attend the meeting, you are requested to complete the Form of Proxy and return it to Capita Registrars, FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive no later than 2.30 pm on 7 September 2010. The completion and return of a Form of Proxy will not preclude you from attending and voting in person, if you wish to do so.

Recommendation

The Directors consider that the resolutions numbered 7 to 11 inclusive set out in the Notice of Annual General Meeting on pages 6 and 7 of this document are in the best interests of the Company and of shareholders as a whole and the Directors recommend that you vote in favour of them, as each of the Directors intends to do in respect of his own beneficial holding of shares in the Company.

Yours faithfully



David Hudd
Chairman

APPENDIX

Explanatory notes of principal changes to the Company's Articles of Association by the adoption of new Articles of Association

It is proposed in resolution 11 to adopt new Articles of Association (the New Articles). These are intended to replace the Company's current Articles of Association (the Current Articles). The main reason for the adoption of the New Articles is to take account of changes in UK Company Law brought about by the Companies Act 2006 (the 2006 Act), which became fully in force on 1 October 2009.

The Company is proposing the adoption of the New Articles rather than amendments to the Current Articles due to the extent of the changes.

The principal changes being proposed in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature, and also some more minor changes which merely reflect changes made by the 2006 Act, have not been noted. A copy of the New Articles and a copy of the Current Articles are available for inspection at the Company's registered office and at www.fihplc.com/investorinformation and will also be available at the Annual General Meeting.

Timing of Annual General Meeting

The Current Articles require the Company to hold an Annual General Meeting within 15 months after the date of the previous Annual General Meeting. The 2006 Act requires the Company to hold its Annual General Meeting within six months from the day following the Company's accounting reference date in each year. The New Articles reflect the requirements of the 2006 Act.

Chairman's casting vote

Under the 2006 Act it is no longer permitted for the Chairman to have a casting vote at a general meeting. The New Articles reflect the requirements of the 2006 Act.

Transfer of shares

Under the 2006 Act, a company must either register a transfer of shares or give the transferee notice of, and reasons for, its refusal to register a transfer. Any registration of transfer or notice must be made or given as soon as practicable and in any event at the earlier of either the time required by the Rules of the London Stock Exchange or within two months from the date that the transfer is lodged with the Company. The New Articles reflect these requirements.

Types of meetings

The Current Articles refer to Annual General Meetings and Extraordinary General Meetings. The concept of the Extraordinary General Meeting has not been retained by the 2006 Act. Pursuant to the 2006 Act any general meeting other than an Annual General Meeting shall be referred to as a General Meeting. The New Articles reflect this amendment.

Appointment of multiple proxies

In line with the provisions of the 2006 Act, provisions have been included in the New Articles to permit a shareholder to appoint more than one proxy and to direct that different proxies vote in different ways.

Form of resolution

Certain provisions of the Current Articles enable members to act by written resolution. Under the 2006 Act public companies can no longer pass written resolutions. References to members' written resolutions are not, therefore, included in the New Articles.

Notice of General Meetings

The provisions in the New Articles dealing with the convening of General Meetings and the length of notice required to convene General Meetings have been amended to reflect the requirements of the 2006 Act. In particular, a General Meeting (other than an Annual General Meeting) to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

Electronic communication

A number of provisions have been included in the New Articles to facilitate the use of electronic communication between the Company and shareholders who have indicated their willingness to receive communications in this manner. Provisions have also been included in relation to electronic proxies.

Conflicts of interest

Pursuant to the 2006 Act, from 1 October 2008, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with a company's interest. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation where such appointment conflicts or possibly may conflict with a company's interest. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where a company's Articles of Association contain a provision to this effect. The New Articles give the Directors authority to approve such situations.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, any Directors who do not have an interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in good faith and in a way in which they consider will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving such authorisation if they think this is appropriate.

The New Articles also contain provisions relating to the disclosure of confidential information, attendance at Board meetings and availability of Board papers, each of which is intended to protect a Director from being in breach of his duties to the Company if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has been authorised by the Directors.

Falkland Islands Holdings plc

Notice of Annual General Meeting

Notice is hereby given that the 2010 Annual General Meeting of Falkland Islands Holdings plc will be held at the offices of Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2 1PB on Thursday 9 September 2010 at 2.30 pm.

Ordinary Business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the audited financial statements for the year ended 31 March 2010 together with the Directors' and Auditor's reports thereon.
2. To declare a final dividend of 5p per share.
3. To elect Jeremy Brade as a Director.
4. To re-elect John Foster, retiring by rotation, as a Director.
5. To re-appoint KPMG Audit Plc as Auditor.
6. To authorise the Directors to determine the remuneration of the Auditor.

Special Business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary or special resolutions as indicated below:

7. As an ordinary resolution:

That the Directors be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 ("the Act") to exercise all powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £340,163. This authority shall expire on the earlier of 30 September 2011 and the conclusion of the Annual General Meeting of the Company to be held in 2011, save that the Company may, before such expiry, make any offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

8. As a special resolution:

That the Directors be and they are hereby empowered pursuant to Section 571 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of Section 560 of the Act) pursuant to the general authority conferred by resolution 7 in the Notice of Annual General Meeting accompanying the circular to the shareholders of the Company dated 9 July 2010, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue or other issue in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of all holders of ordinary shares are proportionate (as nearly as practicable) to the respective numbers of ordinary shares held or deemed to be held by them, subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory, or by virtue of shares being represented by depositary receipts, the requirements of any regulatory body or stock exchange, or any other matter; and
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash up to an aggregate nominal value of £90,972; and this power shall, unless renewed, varied or revoked, expire on the earlier of 30 September 2011 or the conclusion of the Annual General Meeting of the Company to be held in 2011, save that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power hereby conferred had not expired.

9. As a special resolution:

That, in accordance with Chapter 4 of Part 18 of the Companies Act 2006 ("the Act") or otherwise as permitted by law and by the Company's Articles of Association, the Company be generally and unconditionally authorised to make market purchases (as defined in Section 693(4) of the Act) of its own ordinary shares on such terms, and in such manner as the Directors may, from time to time, determine, provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 909,718;
- (b) the minimum price which may be paid for an ordinary share is 10p (excluding expenses);
- (c) the maximum price (excluding expenses) which may be paid for an ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share as derived from The Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and
- (d) the authority hereby conferred shall expire on the earlier of 30 September 2011 or the conclusion of the Annual General Meeting of the Company to be held in 2011, but a contract of purchase may be made before such expiry which will or may be executed wholly or partly thereafter and a purchase of shares may be made in pursuance of any such contract.

10. As an ordinary resolution:

That the Company and all companies that are its subsidiaries at any time during the period for which this resolution is effective are authorised, in aggregate, to make donations to EU political organisations and to incur EU political expenditure (such terms having meanings set out in sections 363 to 365 of the Companies Act 2006) not exceeding £50,000 in total during the period beginning 9 September 2010, the date of the Company's 2010 Annual General Meeting, and expiring at the end of the Annual General Meeting to be held in 2011, or, if earlier, on 30 September 2011.

11. As a special resolution:

That:

- (a) the articles of association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's articles of association; and
- (b) the regulations contained in the document produced to the meeting and signed for identification purposes by the chairman of the meeting are adopted as the Company's new articles of association in substitution for and to the exclusion of the Company's existing articles of association.

By order of the Board



J B Ivins
Secretary

9 July 2010

Registered Office:
Kenburgh Court
133-137 South Street
Bishop's Stortford
Hertfordshire CM23 3HX

Important notes for Shareholders

1. A Form of Proxy is enclosed. You may appoint one or more persons of your choice to act as your proxy. A proxy may attend the meeting and, on a poll, vote in respect of the shares you hold. A proxy need not be a shareholder of Company. You may use the enclosed Form of Proxy to nominate your proxy. To be valid, Forms of Proxy must reach the Company's Registrar, Capita Registrars, FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 2.30 pm on 7 September 2010. Completing and returning a Form of Proxy to the Registrar will not preclude you from attending and voting at the meeting in person.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Company's register of members at 6.00 pm on 7 September 2010 (or if the meeting is adjourned, in the Company's register of members at 6.00 pm on the day two days before the day fixed for the adjourned meeting) shall be entitled to attend or vote at this Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the register after 6.00 pm on 7 September 2010 will be disregarded in determining the rights of any person to attend or vote at the meeting.
3. Copies of the service contracts of the Directors will be available for inspection at the registered office of the Company during normal business hours on each business day from the date of this document until the date of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting from 15 minutes prior to its commencement until its conclusion.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the annual general meeting to be held on 9 September 2010 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. To register your vote online, please log on to www.capitashareportal.com and follow the on-screen instructions.

