16 June 2009

Falkland Islands Holdings plc

("FIH" or "The Group")

Final Results for the year ended 31 March 2009

Falkland Islands Holdings, an AIM quoted international services Group which owns essential services businesses focused on transport and logistics and which has a major shareholding in Falkland Oil and Gas Limited ("FOGL"), is pleased to announce final results for the year ended 31 March 2009.

Financial Highlights

- Turnover increased by 84% to £31.7 million (2008: £17.2 million)
- Loss before tax £0.6 million (2008: Profit £1.9 million)
- Underlying pre-tax profit* ahead by 3% to £2.1 million (2008: £2.0 million)
- Earnings per share on underlying profits were 16.5p (2008: 17.1p)
- Basic loss per share of 12.8p (2008: earnings per share of 16.3p). See Note 3.
- Proposed dividend per share of 8.0p (2008: 8.0p)
- Group net cash flow from operations up 40% to £4.2 million (2008: £3.0 million)

*Underlying pre-tax profit is defined as profit before tax, amortisation and non-trading items.

Operating Highlights

Despite challenging economic conditions, underlying profitability and cash generation were maintained.

- Momart, a market leader in fine art logistics, acquired in March 2008 is included for the first full year in the Group's results
    - Exhibition Services remained strong, although the Commercial gallery business was affected by the recession
    - Order pipeline remains healthy but market has weakened significantly

- Falkland Islands profitability fell back from the exceptional levels seen in 2008
    - Modest Illex squid catch in 2008
    - Solid year for automotive sales
    - Income from cruise ship excursions buoyant, helped by strong dollar
    - Management team strengthened with appointment of new Retail Director

- Portsmouth Harbour Ferry Company maintained underlying profits on revenue up 5.4% to £3.7 million
    - Total passenger numbers increased by 0.2% to 3.7million

- Prospects for FOGL (in which FIH holds a 14.6% interest following FOGL equity fundraising)
    - Site survey completed
    - Drill targets identified
    - Drilling expected to take place in 2009/10

Outlook

- Group remains well placed to deliver a solid level of underlying profitability and cash flow
- Focus for 2009 is on cost control and cash generation
- Major potential upside linked to FOGL and other Falklands exploration
- Strong balance sheet

David Hudd, Chairman of Falkland Islands Holdings plc, said:

"Given the challenging environment we are satisfied with the results for the year. Our three operating businesses traded profitably and we are pleased to be able to recommend a maintained dividend of 8p per share.

"Our art logistics business, Momart, suffered due to the decline in the commercial art market and retail and fishing activity in the Falklands was down, but profits at our Portsmouth ferry business were maintained.

"We do not expect any improvement in the trading performance of the Group this year. We continue to generate cash, which coupled with our strong balance sheet and control over costs, gives the Group resilience going forward."

- Ends -

Enquiries:

Falkland Islands Holdings plc
John Foster, Managing Director Tel: 01279 461 630
David Hudd, Chairman Tel: 07771 893 267

KBC Peel Hunt Tel: 020 7418 8900
Nominated adviser and broker to FIH
Matt Goode / Oliver Stratton / Matthew Tyler

Financial Dynamics
Billy Clegg/ Georgina Bonham/ Edward Westropp Tel: 020 7831 3113

Chairman's Statement

In adverse economic conditions the Group has delivered a satisfactory result for the year ended 31 March 2009 in line with expectations. Underlying profits before tax, defined as profit before tax, amortisation and non-trading items, increased by 3% to £2.1 million (2007/8: £2.0 million) but the impact of non–trading, non–cash items resulted in a loss after tax for the year of £1.2 million (2007/8: profit £1.4 million). However, despite the reported loss the Group's finances remain robust and net debt was reduced by £1.9 million to £4.2 million as a result of the Group's strong cash generation. Earnings per share on underlying profits were 16.5p (2007/8: 17.1p), although the basic loss per share was -12.8p as a result of the non-trading, non-cash items referred to above.

The Directors are pleased to be able to recommend the maintenance of the dividend at 8p per share.

The performances of our three trading businesses were mixed. The Portsmouth Harbour Ferry Company (PHFC) maintained profits with passenger numbers in line with last year, despite significant cost pressures early in the period. In the Falklands, trading was difficult with lower profits resulting from reduced levels of economic activity and cost inflation.

Momart experienced a particularly challenging year, where the decline in the commercial art market and a high reliance on overseas contractors resulted in profits falling significantly below earlier expectations. This led the Directors to review the carrying value of the Momart goodwill, and reduce it by £2.0 million. The fall in global interest rates meant that the revaluation of the Group's interest rate hedge resulted in a charge of £0.3 million. In addition to these non–trading, non-cash items restructuring costs totalled £0.2 million, offset by a profit on sale of investment properties of £0.2 million.

Falkland Oil and Gas
The Group has retained its holding of 15 million shares in Falkland Oil and Gas Limited (FOGL) which at the year end had a market value of £10.9 million (2008: £18.5 million). Further good progress was made towards drilling with the remaining site survey data collection work completed. This had three components: a site survey programme covering the four top ranked prospects, a geotechnical boring programme and the deployment of wave and current meters. The objective is to be technically ready to drill by the end of the third quarter of 2009. Thereafter, the timing of drilling is dependent upon rig availability.
Investor confidence in FOGL's prospects was confirmed in May 2009 when an institutional placing of 10.4 million new shares raised £7.2 million after expenses to cover costs in the pre drilling phase. This issue of new shares reduced our shareholding to 14.6%.

Net Assets
The Group's financial position remains strong after payment of £1.7 million of Momart deferred consideration and capital expenditure of £1.4 million. At the year end interest bearing obligations totalled £7.2 million and cash balances were £3.0 million. The Group retains a committed £2.0 million undrawn bank facility.

Outlook
Currently we do not anticipate any improvement in the trading performance of the Group this year although we expect good continuing cash flow which should demonstrate the resilience of our businesses.

In the Falklands the year has started slowly with the failure of the Illex squid catch and increased retail competition. However, capital investment in the retail business and our property activities should improve performance later in the year.

In the UK, activity in the commercial art market remains depressed but the pipeline of exhibitions remains strong and the company's cost base has been reduced in line with current activity levels. In Gosport, the ferry business has remained resilient and we are working closely with the Borough Council on the provision of a new pontoon which will enhance the ferry experience and secure its future for the foreseeable future. Financing arrangements for the new pontoon are still under discussion.

Drilling for hydrocarbons in the South Atlantic by FOGL and others gets ever closer and remains a potentially transformational event for the Falkland Islands and your Company.

In what has been a difficult year, we thank all our staff for their continued efforts.

David Hudd

Chairman
16 June 2009

Managing Director's Business Review

Overview

The year to 31 March 2009 was challenging as the effects of the global economic downturn began to be felt, particularly in the second half of the year. Although none of the Group's operations were immune from the effects of the recession, unlike many other companies the Group traded profitably, generating record levels of turnover and underlying pre-tax profits of £2.1 million.

Significant non-trading charges were incurred in the year although these were very largely non-cash in nature. All three of the Group's essential service businesses remained profitable throughout the year and most importantly the Group's net cash flow from operations, after the payment of corporation tax, rose by over 40% to £4.2 million.

Capital expenditure of £1.4 million was made during the year to strengthen the Group's operating infrastructure but despite this high level of investment, the Group was still able to pay an increased dividend and reduce its net borrowings from £9.1 million to £7.2 million retaining cash balances at 31 March 2009 of £3.0 million (2008: £3.0 million).

Turnover increased by 84% to £31.7 million

The year to 31 March 2009 saw Group turnover increase by over 84% to £31.7 million (2008: £17.2 million) as a result of the acquisition of Momart, the Group's fine art logistics business, in March 2008 which accounted for all the increase.

Underlying pre-tax profit ahead by 3% to £2.1 million

Before amortisation and non-trading items, after taking account of all normal operating expenditure and bank interest, the Group's underlying pre-tax profits showed a small increase over the prior year as shown below, rising to a record level of £2.1 million.

Underlying Profit

Year ended 31 March	**2009 £ million**	2008 £ million
(Loss) / profit before tax as reported	**(0.63)**	**1.91**
Add back: amortisation and non-trading Items		
Amortisation of intangibles	0.40	0.03
Impairment of goodwill	1.98	-
Restructuring costs	0.23	-
Revaluation of interest rate collar	0.33	0.07
Less : Profit on sale of investment properties	(0.24)	-
Underlying pre-tax profit	**2.07**	**2.01**

Underlying profit before tax excludes the amortisation of intangible assets, impairment of goodwill and non-trading items (profit on sale of investment properties, restructuring costs and fair value movements on derivative financial instruments).

See Segmental Analysis at note 1

Impairment of goodwill £2.0 million
Although Momart enjoyed record levels of activity in 2008/9, as a result of the downturn in the commercial art market in the second half of the year the Group reassessed the carrying value of the goodwill linked to the acquisition of Momart. As a result an impairment charge of £2.0 million was incurred, which together with the normal annual charge for the amortisation of intangibles of £0.4 million took the Group into loss during the year. Importantly these charges in relation to intangible assets had no cash impact on the Group and did not affect distributable reserves.

Non-trading items
Restructuring costs £0.2 million. Restructuring costs relate both to redundancy costs at Momart where staff numbers were reduced by some.12% in March 2009 and costs incurred in the Falklands when the Retail Director retired after 32 years service to be replaced by an experienced executive recruited from the UK.

Profit on sale of investment properties £0.2 million. The decision to upgrade the quality of the Group's property portfolio in the Falklands led to the profitable sale of three older houses.

Revaluation of interest rate collar £0.3 million. To hedge the Group against increases in interest rates the Group has two interest rate collars which provide a cap on the maximum base rate payable by the Group and also include a minimum figure payable. Approximately £5.1 million of the Group's loans are covered by such collars where the effective base rate paid by the Group is fixed at a floor rate of 4.25%. In addition to the increased bank interest charged in the profit and loss account as a result of having these effective floors to base rates, International Financial Reporting Standards require the revaluation of these financial instruments to market value at each balance sheet date. With the unprecedented fall in base rates to 0.5% in the second half of the year, the market value of the interest rate floors built in to these instruments, which represent a liability for the Group, increased sharply. The provision made to reflect the market value of these instruments increased by £0.3 million in the year to £0.4 million (2008: £0.1million) although there was no additional cash cost to the Group. This provision will reverse over the remaining life of the instruments and has been disclosed as a non-trading item.

Reported Pre-tax loss £0.6 million (2008: Profit £1.9 million)
After impairment of goodwill, normal amortisation charges and the other non-cash, non-trading items noted above, the Group reported a pre-tax loss of £0.6 million compared to a profit before tax of £1.9 million in 2007/8.

Earnings per share
As noted above before amortisation and non-trading items, the Group's underlying profits increased by 3% to £2.1 million from £2.0 million in 2008.

Underlying earnings per share derived from these underlying profits, decreased by 3.5% to 16.5p (2008: 17.1p). The Group's basic loss per share was 12.8p (2008: earnings per share of 16.3p).

Years ended 31 March	2009 £ million	2008 £ million	Change %
Underlying profit as above	**2.07**	**2.01**	**3.0%**
Tax thereon	(0.58)	(0.56)	
Underlying profit after tax	**1.49**	**1.45**	2.8%
Average no. of shares in issue (thousands)	*9,024*	*8,478*	6.4%
Basic underlying EPS	**16.5p**	**17.1p**	**(3.5)%**
Basic EPS	**(12.8p)**	**16.3p**	**(178.5)%**

Group Performance

Revenue

Year ended 31 March	**2009** **£ million**	2008 £ million	Change %
Falklands	**12.49**	12.60	(1.0)%
Gosport Ferry	**3.72**	3.53	5.4%
	16.21	16.13	0.5%
Momart	**15.54**	1.07	
Total	**31.75**	17.20	84.6%

In the Falklands, after adjusting for the closure of the Upland Goose hotel, revenue from continuing activities increased by £0.3 million (+ 2.5%).

Gosport Ferry revenues continued to show a steady increase (+5.4%) with passenger numbers up 0.2% on the prior year and fare rises in June 2008 covering inflationary cost increases.

At Momart revenues increased sharply as the Group benefited from a full 12 months contribution. Revenues reached record levels during the year although the deepening global recession saw activity fall back in the second half, particularly in Commercial Gallery Services.

Underlying Operating Profit*

In the year to 31 March 2009 with a full year's contribution from Momart, underlying operating profits rose by 29.9% to £2.7 million.

Underlying operating profit*

Year ended 31 March	**2009** **£ million**	2008 £ million	Change %
Falklands	**1.01**	1.21	(16.5)%
Gosport Ferry	**0.78**	0.72	8.3%
Momart	**0.86**	0.11	
Total	**2.65**	2.04	29.9%

*Underlying operating profit = operating profit before amortisation and non-trading income and expense items (see Segmental Analysis, Note 1).

Finance Costs

The Group's net financing cost rose sharply to £0.9 million (2008: £0.1 million) although most of the charge in the current year did not involve cash outflows.

Year ended 31 March	**2009 £ 000's**	2008 £ 000's	(Increase) Decrease
Net financing costs as shown in Income Statement	**(912)**	**(101)**	**(811)**
Made up of :			
Pension finance costs	(130)	(129)	(1)
Interest collar revaluation	(334)	(72)	(262)
Notional interest on deferred consideration	(104)	(4)	(100)
Amortisation of bank fees	(30)	-	(30)
Total non-cash items	**(598)**	**(205)**	**(393)**
Lease interest income	74	64	10
Net bank interest paid	**(388)**	**40**	**(428)**
Total net financing costs	**(912)**	**(101)**	**(811)**

Bank Interest Cover

Year ended 31 March	**2009**	2008
Underlying operating profit as above	**£2.65m**	**£2.04m**
Net bank interest (paid) / received	**£(0.39)m**	**£0.04m**
Bank Interest Cover	***6.8x***	***Na***

Net bank interest payable was covered more than 6 times by underlying operating profits.

Operations

Falklands (FIC)

2008/9 was a satisfactory year, but the local economy remained subdued and overall profitability fell back from the exceptional levels seen in the prior year.

Year ended 31 March	**2009**	2008
	£ million	£ million
Revenue		
Retail	**7.95**	7.97
Automotive	**1.95**	2.07
Other services	**2.59**	2.18
	12.49	12.22
Upland Goose Hotel	**-**	0.38
Total FIC Revenue	**12.49**	12.60
Underlying operating profit	**1.01**	1.21
Underlying operating profit margin	**8.1%**	9.6%

Retailing in Stanley remained competitive in 2008/9 with continued pressure on margins particularly in the West Store supermarket where overall sales fell by 1.0%. In contrast at the company's DIY Home Builder and Home Living outlets, which benefited from investment and rebranding in the prior year, revenues proved more resilient, increasing by 4.2% vs. 2007/8 (DIY revenues accounted for c.17% of overall retail sales). Total retail sales were flat at £8.0 million.

In anticipation of an increase in selling space at FIC's principal retail competitor in Stanley, work commenced during the year on the expansion of the West Store supermarket. Completion of the expansion is scheduled late in the new financial year. As a result, selling space will increase by some 50% and a car park will be provided with trolley access to a new entrance at the rear of the store. In addition, FIC's management team was strengthened at the end of the year by the recruitment of new Retail Director, Paul Lewis, who has over 20 years experience in UK supermarket and non-food retailing. These actions will help FIC retain its leading market position in Stanley.

Automotive revenues declined from the record levels seen in 2007/8 as sales of budget 4x4's slowed due to the adverse movement in the dollar exchange rate forcing up vehicle prices. At Darwin Shipping, the level of third party freight revenue remained satisfactory but was below levels seen in the prior year.

FIC's Fishing Agency profits fell back from the bumper levels seen in 2007/8 but a reasonable Illex squid catch in April / May 2008 helped deliver a satisfactory performance. As in prior years Insurance and Travel continued to make steady progress and rental income from FIC's property portfolio increased helped by the construction of four new apartments in central Stanley. A particular highlight in the second half of the year was Penguin Travel which saw revenues from land based excursions for cruise ship passengers landing in Stanley increase sharply as the result of a new contract with leading cruise operator Holland America Lines.

During the year work commenced on the conversion of the former Upland Goose hotel into a unique development of 12 residential properties with a prime location on the waterfront in central Stanley. The conversion work is expected to be complete and the units available for sale in late-2009.

Operating profits in the Falklands were squeezed during the year by competitive pressure on gross margins in retailing and a general increase in costs (local RPI rose by 5.3%). As a result in the year to 31 March 2009 underlying operating profits in Stanley (after the allocation of head office costs) fell back from £1.2 million to £1.1 million.

At the pre-tax level, the Falklands businesses generated an underlying profit before tax of £1.1 million, a decrease of £0.2 million on the prior year (2008: £1.3 million).

Portsmouth Harbour Ferry Company (PHFC)

Year ended 31 March	**2009** **£ million**	2008 £ million	Change vs 2007/8 %
Revenue from ferry fares	**3.46**	3.32	4.2%
Other revenue	**0.26**	0.21	23.8%
Total ferry revenue	**3.72**	3.53	5.4%
Underlying operating profit	**0.78**	0.72	8.3%
Passenger Journeys 000's	**3,672**	3,664	0.2%

PHFC performed well during the year posting an increase in both revenue and underlying operating profits.

Passenger numbers in the first half increased by 2% over 2007 with the sharply rising cost of petrol encouraging more car users to cross the harbour by water. In the quieter winter period like-for-like passenger numbers declined as discretionary weekend leisure journeys were affected by the onset of the recession. Despite the economic downturn over the year as a whole the total number of passenger journeys remained largely unchanged.

During the year the core passenger ferry service accounted for more than 90% of revenue but PHFC also continued to provide water taxi services for Berkeley Homes, with a shuttle service operating at peak times, taking residents from Royal Clarence Marine on the Gosport shore to our pontoon at Portsea. In addition PHFC continued with its programme of summer leisure cruises in the Solent area, with turnover up £21,000 (24%), producing a small positive contribution in the year.

As in the prior year, fares were increased on 1 June 2008, with normal daily adult return fares rising by 4.8% to £2.20 and fares for regular users buying open 10 trip tickets increasing from £8.40 to £9.00 offering regular ferry users return crossings at well under £2.00. In addition, the company continued to offer concessionary fares to children and seniors over 60.

With a 0.2% increase in passenger numbers and fare rises in June, total revenue from PHFC increased by 5.4% to £3.7 million.

2008/9 initially saw rapid cost inflation with particularly large increases in the price of fuel, which fell back later in the year. With close control of costs, after the allocation of head office costs, underlying operating profit of the ferry operations increased from £0.7 million to £0.8 million in the year to 31 March 2009.

After interest charges PHFC generated a profit before tax of £0.6 million compared to £0.6 million in 2007/8.

The ferry currently benefits from the free use of the pontoon on the Gosport side of the harbour which is owned by Gosport Borough Council. We are in advanced negotiations with the Council to build a replacement pontoon which is expected to be installed in late 2009. Although discussions with the Council are still in progress it has been accepted in principle that the economic cost of the new pontoon will be borne by the ferry company and ultimately by passengers. Fare increases will be kept to the minimum necessary to fund the pontoon but even after the withdrawal of the effective Council subsidy and consequent increase in fares, the absolute cost for ferry users will still be modest and the service will continue to offer excellent value for money compared to alternative modes of transport.

The success of the Gosport ferry is underpinned by a remarkable safety and reliability record. In 2008/9 operating 18.5 hours each day over 364 days, over 99.8% of all 72,000 ferry trips departed on time, an improvement of 0.2% on the prior year. In turn both the safety record and the reliability of this essential service rest upon the exceptional commitment and expertise of ferry staff who, as with our business in the Falklands, are proud to be a part of the community they serve.

Momart

Momart, the Group’s fine art and logistics company, was acquired on 5 March 2008 and this is the first year where a full 12 months of its activities have been consolidated into the Group’s results.

The company is a leading provider of specialist art logistics services to public museums, private collections and commercial art galleries. Momart’s reputation for providing the highest standards of service and support to its extensive public and private client base is recognised internationally.

Momart

Year ended 31 March	**2009** **£ million**	2008* £ million
Museums & Public Exhibitions	**9.66**	0.64
Commercial Galleries	**4.36**	0.32
Storage	**1.52**	0.11
Total revenue	**15.54**	1.07
Underlying operating profit	**0.86**	0.11
Underlying operating profit margin	**5.5%**	10.2%

** 2008 comparative reflects only 26 days of post acquisition trading*

In May 2008 the company moved from its old premises in Hackney to newer more spacious modern offices in Whitechapel which offer an improved working environment for staff and a more professional facility for clients.

Momart enjoyed a strong start to the year and revenues across its three divisions were well ahead of 2007/08 levels. Much of Momart's activities involve utilising specialist agents in Europe and the US, who provide assistance with the movement of art works. From mid-year onwards the rapid weakening of Sterling against the Euro led to a sharp increase in the cost of these agents' services which rose from just 27% in 2007/8 to over 44% of the Company's direct cost for the year ended 31 March 2009. This sharp rise in costs could not be fully recovered from clients and this had a significant downward impact on gross margins. At the half year, this pressure on margins had offset all the benefit of increased revenues. In the second half this trend continued and in addition there was a marked reduction in transaction volume in the global commercial art market, which in turn led to a rapid contraction in demand for Momart's Gallery Services division.

In response to the changing market conditions in the early part of 2009, the decision was taken to reduce the company's cost base by a limited programme of voluntary and compulsory redundancies; focussed principally on Gallery Services and central administration. Momart's total workforce was reduced by 12% at a cost of £0.1 million in restructuring charges. Annual savings are estimated at £0.5 million. In addition an internal reorganisation was effected to improve flexibility and the company's capacity to respond rapidly to changing client needs.

Notwithstanding, the problems seen in Gallery Services where like-for-like revenues fell over the year by 4% (after being ahead 26% at the half year), demand in the company's largest division, Exhibition Services was strong throughout 2008/9. Exhibitions supported by Momart during the year included Babylon at the British Museum, the Klimt exhibition at Tate Liverpool, Van Dyck and Britain at Tate Britain and Byzantium at the Royal Academy. As a result of this surge in activity, like-for-like Exhibition revenues grew in the year to 31 March 2009 by 54% to over £9.6 million.

Revenues from Storage showed good growth, increasing by 19% on a like-for-like basis to over £1.5 million and a new 6,000sq ft warehouse was leased in October 2008 to cope with demand.

After the allocation of head office costs, underlying operating profits at Momart were £0.9 million (2008: £0.1m).

Falkland Oil and Gas Limited (FOGL)

The Group continues to hold its strategic stake in FOGL of 15 million shares which, following their fund raising in May 2009 now represents a 14.6% interest in the enlarged equity of FOGL.

Following the farm-in agreement with BHP Billiton (BHPB) in October 2007, FOGL retains a 49% interest in the license area it has developed in the East Falklands basin. BHPB holds the other 51% and has operating responsibility for progressing exploration. As part of the October 2007 farm-in agreement BHPB has agreed to fund 68% of the exploration costs for a minimum of two wells.

On 20 May 2009 FOGL announced it was to issue a further 10.5 million shares at a price of 73p generating net proceeds of £7.2 million. These will be used to provide additional working capital to fund long-lead drilling equipment and administrative costs through 2010 and into 2011. The Directors of FOGL also announced that they expect to raise the additional capital required to fund the Company's share of the drilling programme through a further farm-out and/or equity issue in due course.

During the year further progress was made with preparations for drilling. After careful deliberation with BHPB a number of potential sites for drilling have been selected and site surveys completed in these locations. Environmental Impact Assessments are under way and BHPB hopes to secure consents for drilling from the Falklands Islands Government and commence detailed planning of the logistics of drilling later in the year.

FOGL's operating partner BHPB's license commitments require it to start drilling before the end of 2010. A drill date has yet to be announced and will depend upon rig availability. BHPB is actively searching for a suitable deep water rig and although the rig market remains tight with all 35 suitable rigs currently contracted, availability is expected to improve and rates are expected to fall over the coming months.

FOGL's management believe the East Falklands basin will prove economically viable with oil prices as low as $25 per barrel.

At 31 March 2009 the bid price of FOGL shares was 72.5p (31 March 2008: 123p) giving a market value for FIH's shareholding of £10.9 million (2008: £18.5 million). The investment has a base cost to the Group of £2.5 million equivalent to 16p per share.

Financial Review

Balance Sheet

The Group's Balance Sheet remains strong with net assets as at 31 March 2009 of £24.9 million (2008: £34.0 million) borrowings of £7.2 million (2008: £9.1 million) and cash balances of £3.0 million (2008: £3.0 million).

The carrying value of intangible assets fell by £2.4 million to £13.9 million following the decision to write down the value of goodwill arising from the acquisition of Momart by £2.0 million and normal annual amortisation charges of £0.4 million.

The net book value of property, plant and equipment increased by £0.3 million to £7.7 million in the year to 31 March 2009. Fixed asset additions totalled £1.3 million while the depreciation charge for the year amounted to £0.8 million.

The Group's investment properties comprise commercial and residential properties in the Falkland Islands held for rental. The net book value of these properties increased by £0.2 million following the construction of four new apartments which were transferred from property plant and equipment. The Directors estimate that the fair value of this property portfolio at 31 March 2009 was £2.5 million compared to a book value of £1.8 million.

The Group's holding of 15 million shares in FOGL is shown under Financial assets – available for sale equity securities. The number of shares held remained unchanged during the year. Under IFRS, the investment is shown at market value which at 31 March 2009 amounted to £10.9 million (2008: £18.5 million).

Deferred tax assets relating to future pension liabilities remained unchanged at £0.5 million.

Inventories decreased from £3.3 million to £2.6 million at 31 March 2009. £0.3 million of the £2.6 million relates to work in progress at Momart (2008: £0.2million) and the balance of £2.3 million represent stock held for resale in the Group's retail operations in the Falklands, which saw a sharp reduction of c. £1.0 million during the year . This decrease was due in part to a reduction in vehicle stocks of c. £0.3 million reflecting lower expected orders of 4x4 vehicles and also to timing differences in the arrival of replenishment stocks from the UK.

Trade and other receivables balances were reduced by £1.1 million, decreasing from £5.4 million in March 2008 to just £4.4 million as at 31 March 2009 as part of a focussed effort to improve debtor collection.

Despite the payment of £1.7 million in deferred consideration to the former owners of Momart and bank loan repayments of a further £0.6 million, the Group retained healthy cash balances of £3.0 million at 31 March 2009 (2008: £3.0 million).

Following these scheduled repayments the Group's loans and bank borrowings (including contingent consideration and net of unamortised loan fees) were reduced from £9.1 million at the start of the year to £7.2 million as at 31 March 2009. £2.1 million of these loans are due for repayment in the coming year and are shown under current liabilities.

Income tax payable within the next 12 months fell to £0.5 million (2008: £1.4 million) as a result of making payments on account in respect of taxes due at Momart.

As noted above the Group has hedged its interest rate exposure by taking out a structured collar to guard against adverse movements in interest rates. Under IFRS these instruments are included in the balance sheet as derivative financial instruments at fair value, which as at 31 March 2009 represented a liability of £0.4 million (2008: £0.1 million).

Trade and other payables increased from £7.6 million to £7.9 million. As in prior years these balances also include extended credit arrangements with long standing suppliers to the Group's Falklands business.

As at 31 March 2009 the liability due in respect of the Group's defined benefit pension schemes decreased marginally to £2.1 million (2008: £2.1 million). The scheme in the Falklands is unfunded and liabilities are met as they fall due from operating cash flow. At PHFC a structured programme of regular annual payments has been agreed with the UK Pensions Regulator to eliminate the deficit of £0.2 million over the medium term.

The net deferred tax liabilities at 31 March 2009 were unchanged from the prior year at £2.1 million.

Net assets per share were 276 pence per share at 31 March 2009 (2008: 376 pence per share).

Cash Flow

The Group's operating cash flow can be summarised as follows:

Year ended 31 March	**2009 £million**	**2008 £million**
Underlying PBT	**2.1**	**2.0**
Depreciation	0.8	0.5
Interest payable	0.5	
Restructuring costs	(0.2)	
EBITDA	**3.2**	**2.5**
Share based payments	0.3	0.1
Decrease in working capital	2.1	0.9
Tax paid	(1.4)	(0.5)
Net cash flow from operating activities	**4.2**	**3.0**

Cash flow from operating activities

With the downturn in the global economy the Group increased its focus on cash management and generated a strong positive cash flow.

Reflecting the expanded operating capacity of the Group , EBITDA increased to over £3.2 million (2008: £2.5 million) and with the effective management of working capital producing another £2.1 million , despite an increase of £0.9 million in corporation tax paid, net cash flow from operating activities increased by £1.2 million to over £4.2 million.

Cash flow from investing and financing activities

During the year the Group paid a dividend to shareholders of £0.7 million: 8p per share (2008: 7.0p). To strengthen its operating base, £1.4 million was invested in fixed assets across the Group (2008: £0.9 million). £0.7 million was committed in the Falklands on the conversion of the Upland Goose, further investment in the West Store and construction of new investment properties; £0.6 million was invested in new vehicles and office equipment at Momart. With higher borrowings arising from the acquisition of Momart net bank interest paid over the year increased to £0.4 million (2008: £nil). £0.3 million was generated from the sale of 3 older houses within FIC's property portfolio.

During the year the Group drew down £0.2 million in lease finance linked to vehicle purchases, made scheduled repayments of bank loans of £0.6 million and paid £1.7 million in deferred consideration in connection with the acquisition of Momart. After making these payments of £2.3 million the Group's cash deposits were unchanged at £3.0 million.

Year ended 31 March	**2009 £million**	**2008 £million**
Net cash flow from operating activities	**4.2**	**3.0**
Less:		
Dividends paid	(0.7)	(0.6)
Capital expenditure	(1.4)	(0.9)
Net bank interest	(0.4)	-
Sale of Properties	0.3	-
Draw down of loan	0.2	3.8
Purchase of Momart	(1.7)	(5.4)
Loan repayments	(0.6)	(1.9)
Other	0.1	
Net cash flow	**0.0**	**(2.0)**
Cash balance b/fwd	3.0	5.0
Cash balance c/fwd	**3.0**	**3.0**

Trading Outlook for 2009/10

The Group remains well placed to deliver a solid level of underlying profitability and cash flow but in the current environment there are limited prospects of growth.

In the Falklands, the failure of the Illex squid catch in April/May 2009 saw an early closure to the fishery and minimal returns for FIC's fishing agency. In retailing, FIC faces further pressure from a newly enlarged competitor supermarket, although the opening of the new West Store extension later in the year should help redress the balance. Sales are also expected to commence of the unique heritage properties that make up the Upland Goose development.

At Momart, the company's cost base has been lowered and made more flexible but no meaningful recovery in demand is anticipated in the near term.

Revenue from the Gosport Ferry is expected to remain stable although the installation of the new pontoon in the second half of the year will have a significant impact on costs and fares in future years.

With demand for the Group's varied services generally flat, the focus of the coming year will be on cost control and cash generation.

John Foster Managing Director

Consolidated Income Statement
FOR THE YEAR ENDED 31 MARCH 2009

Notes		Before amortisation & non-trading items 2009 £'000	Amortisation & non-trading items (Note 2) 2009 £'000	Total 2009 £'000	Before amortisation & non-trading items As restated 2008 £'000	Amortisation & non-trading items (Note 2) As restated 2008 £'000	T As resta 2 £'
1	**Revenue**	31,749		31,749	17,200		17,
	Cost of sales	(20,126)		(20,126)	(10,469)		(10,4
	Gross profit	**11,623**		11,623	6,731		6,
	Restructuring costs		(228)	(228)			
	Goodwill impairment		(1,983)	(1,983)			
	Amortisation of intangible assets		(398)	(398)		(28)	
	Other operating expenses	(9,214)		(9,214)	(4,953)		(4,9
	Operating expenses	(9,214)	(2,609)	(11,823)	(4,953)	(28)	(4,9
	Other operating income	243	242	485	260	0	
	Operating profit	**2,652**	(2,367)	**285**	2,038	(28)	2,
	Finance income	172		172	320		
	Finance expense	(750)	(334)	(1,084)	(349)	(72)	(4
	Net financing (costs) / income	(578)	(334)	(912)	(29)	(72)	(1
	(Loss) / profit before tax from continuing operations	**2,074**	(2,701)	**(627)**	2,009	(100)	1,
	Taxation	(585)	59	(526)	(559)	28	(5
	(Loss) / profit for the year attributable to equity holders of the company	**1,489**	(2,642)	**(1,153)**	1,450	(72)	1,
3	Earnings per share						
	Basic			-12.8p			16
	Diluted			-12.8p			16

Consolidated Balance Sheet
AT 31 MARCH 2009

Notes		2009 £'000	2008 £'000
	Non-current assets		
	Intangible assets	13,907	16,335
	Property, plant and equipment	7,672	7,383
	Investment properties	1,769	1,557
	Financial assets - available for sale equity securities	10,890	18,450
	Non-current assets held for sale	20	157
	Other financial assets	58	71
	Deferred tax assets	516	519
	Total non-current assets	34,832	44,472
	Current assets		
	Inventories	2,570	3,340
	Trade and other receivables	4,424	5,353
	Other financial assets	159	141
	Cash and cash equivalents	3,004	2,995
	Total current assets	10,157	11,829
	TOTAL ASSETS	44,989	56,301
	Current liabilities		
4	Interest bearing loans and borrowings	(2,142)	(2,064)
	Income tax payable	(518)	(1,356)
	Derivative financial instruments	(406)	(72)
	Trade and other payables	(7,913)	(7,595)
	Total current liabilities	(10,979)	(11,087)
	Non-current liabilities		
	Interest bearing loans and borrowings	(5,053)	(6,992)
	Employee benefits	(2,036)	(2,060)
	Deferred tax liabilities	(2,054)	(2,134)
	Total non-current liabilities	(9,143)	(11,186)
	TOTAL LIABILITIES	(20,122)	(22,273)
	Net assets		
		24,867	34,028
	Capital and reserves		
	Equity share capital	906	906
	Share premium account	7,206	7,206
	Other reserves	1,162	3,145
	Retained earnings	7,157	6,775
	Financial assets fair value reserve	8,436	15,996
	Total equity	**24,867**	34,028

Consolidated Cash Flow Statement
FOR THE YEAR ENDED 31 MARCH 2009

Notes		2009 £'000	2008 £'000
	Cash flows from operating activities		
	(Loss) / profit for the year	**(1,153)**	1,378
	Adjusted for:		
	(i) Non-cash items:		
	Depreciation	840	534
	Fixed asset impairment	40	
	Amortisation	398	28
	Goodwill impairment	1,983	
	Amortisation of loan fees	30	
	Notional interest charge on deferred consideration	104	4
	Expected return on pension scheme assets	(22)	(16)
	Interest cost on pension scheme liabilities	152	145
	Loss on remeasurement of derivative financial instruments	334	72
	Equity-settled share-based payment expenses	297	142
	Non-cash items adjustment	4,156	909
	(ii) Other items:		
	Bank interest receivable	(76)	(240)
	Bank interest payable	464	200
	Loss on disposal of fixed assets	3	
	Gain on disposal of investment properties	(242)	(10)
	Income tax expense	526	531
	Other adjustments	675	481
	Operating cash flow before changes in working capital and provisions	3,678	2,768
	Decrease in trade and other receivables	929	307
	Decrease / (increase) in inventories	770	(345)
	Increase in trade and other payables	318	701
	(Decrease) / increase in provisions and employee benefits	(79)	8
	Cash generated from operations	5,616	3,439
	Income taxes paid	(1,427)	(460)
	Net cash flow from operating activities	4,189	2,979
	Cash flows from investing activities		
	Purchase of property, plant and equipment	(1,317)	(907)
	Purchase of investment properties	(100)	(12)
	Costs incurred in restructuring investment holdings		(34)
	Proceeds from the disposal of property, plant & equipment	1	
	Proceeds from sale of investment properties	274	23
	Acquisition of subsidiary, net of cash acquired	(1,697)	(5,343)
	Proceeds from sale of assets held for sale	186	
	Interest received	76	240
	Net cash flow from investing activities	(2,577)	(6,033)
	Cash flow from financing activities		
	(Increase) in other financial assets	(5)	(34)
	Repayment of secured loan	(608)	(1,893)
	Repayment of loan notes		(43)
	Proceeds from new loan	166	3,841
	Interest paid	(434)	(200)
	Proceeds from the issue of ordinary share capital		10
	Dividends paid	(722)	(591)
	Net cash flow from financing activities	(1,603)	1,090
	Net increase in cash and cash equivalents	9	(1,964)
	Cash and cash equivalents at start of year	2,995	4,959
	Cash and cash equivalents at end of year	**3,004**	2,995

Consolidated Statement of Recognised Income and Expense
FOR THE YEAR ENDED 31 MARCH 2009

	2009 £'000	2008 £'000
(Loss) / gain on valuation of available-for-sale equity securities	(7,560)	5,516
PHFC actuarial (loss)/gain on pension scheme	(86)	147
FIC actuarial gain on pension scheme	50	301
Movement on deferred tax asset relating to pension schemes	13	(109)
Share-based payments	297	164
Movement on deferred tax relating to share-based payments		3
Net (expense) / income recognised directly in equity	(7,286)	6,022
(Loss) / profit for the year	(1,153)	1,378
Total recognised income and expense for the period attributable to shareholders of the parent	(8,439)	7,400

Notes

1. Segmental information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting format is determined to be by business type: the provision of ferry services; arts logistics and storage; and general trading in the Falkland Islands. The secondary reporting format is determined to be geographical.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Primary reporting format - business

	Ferry Services (Portsmouth) £'000	2009 Art logistics and storage (UK) £'000	General trading (Falklands) £'000	Total £'000
Revenue	3,716	15,544	12,489	31,749
Segment operating profit before tax, amortisation & non-trading items	782	856	1,014	2,652
Restructuring costs		(104)	(124)	(228)
Goodwill impairment		(1,983)		(1,983)
Amortisation of intangible assets		(398)		(398)
Profit on disposal of investment properties			242	242
Amortisation and non-trading items		(2,485)	118	(2,367)
Segment operating profit / (loss)	782	(1,629)	1,132	**285**
Loss on revaluation of financial derivative	(57)	(277)		(334)
Interest expense	(220)	(411)	(119)	(750)
Interest income	80	8	84	172
Segment profit / (loss) before tax	585	(2,309)	1,097	**(627)**
Taxation	(209)	(187)	(131)	(526)
Segment profit / (loss) after tax	376	(2,496)	966	**(1,153)**
Underlying profit before tax				
Segment operating profit before tax, amortisation & non-trading items	782	856	1,014	2,652
Interest expense	(220)	(411)	(119)	(750)
Interest income	80	8	84	172
Underlying profit before tax	642	453	979	**2,074**
Assets and liabilities				
Segment assets	8,487	14,024	9,363	31,874
Segment liabilities	(2,834)	(4,870)	(7,081)	(14,785)
Unallocated assets and liabilities				7,778
Segment net assets	5,653	9,154	2,282	24,867
Other segment information				
Capital expenditure:				
Property, plant, equipment	51	611	655	1,317
Investment properties			100	100
Depreciation - property, plant and equipment	215	284	305	804
Impairment - ships	40			40
Depreciation - investment properties			36	36
Amortisation and goodwill impairment		(2,381)		(2,381)

	Ferry Services (Portsmouth) As restated £'000	2008 Art logistics & storage (UK) As restated £'000	General trading (Falklands) As restated £'000	Total As restated £'000
Revenue	3,531	1,066	12,603	17,200
Segment operating profit before tax, amortisation & non-trading items	717	112	1,209	2,038
Amortisation		(28)		(28)
Segment operating profit	717	84	1,209	**2,010**
Loss on revaluation of financial derivative	(7)	(65)		(72)
Finance expense	(134)	(29)	(186)	(349)
Finance income	64		256	320
Segment profit / (loss) before tax	640	(10)	1,279	1,909
Tax	(211)	(35)	(285)	(531)
Segment profit / (loss) after tax	429	(45)	994	**1,378**
Assets and liabilities				
Segment assets	9,875	15,813	12,784	38,472
Segment liabilities	(1,413)	(4,930)	(7,868)	(14,211)
Unallocated assets and liabilities				9,767
Segment net assets	8,462	10,883	4,916	34,028
Underlying profit before tax				
Segment operating profit before tax, amortisation & non-trading items	717	112	1,209	2,038
Interest expense	(134)	(29)	(186)	(349)
Interest income	64	0	256	320
Underlying profit before tax	647	83	1,279	**2,009**

The segmental information presented above has been restated to provide a comparison for the allocation of the loss on revaluation of financial derivatives consistent with the allocation adopted in the current year.

Other segment information				
Capital expenditure:				
Property, plant, equipment	62	5	840	907
Investment properties			52	52
Depreciation - property, plant & equipment	220	18	264	502
Depreciation - investment properties			32	32
Amortisation		28		28

Secondary reporting format - geographic

	2009		
	United Kingdom	Falkland Islands	Total
	£'000	£'000	£'000
Revenue	19,260	12,489	31,749
Assets and liabilities			
Segment assets	22,511	9,363	31,874
Other segment information			
Capital expenditure	662	755	1,417

	2008		
	United Kingdom	Falkland Islands	Total
	£'000	£'000	£'000
Revenue	4,597	12,603	17,200
Assets and liabilities			
Segment assets	25,688	12,784	38,472
Other segment information			
Capital expenditure	67	892	959

2. Amortisation and non-trading items

	2009	2008
	£'000	£'000
Amortisation charge on Momart intangible assets acquired	(398)	(28)
Goodwill impairment charge recognized in the year[1]	(1,983)	
Restructuring charges incurred[2]	(228)	
Gain on sale of investment properties[3]	242	
Loss on revaluation of derivative financial instruments[4]	(334)	(72)
Amortisation and non-trading items charge	(2,701)	(100)
(Loss) / profit before tax as reported	(627)	1,909
add: amortisation and non-trading charges	2,701	100
Underlying profit	2,074	2,009

1. Impairment charges

During the year the Group in accordance with IAS 36 'Impairment of assets' undertook a review of the carrying value of goodwill. As a consequence of this review, after taking account of a reduction in activity across the world art markets, an impairment charge of £1,983,000 has been recognised in connection with the goodwill relating to the acquisition of Momart International Limited in March 2008.

2. Restructuring charges
Charges of £228,000 incurred within operating profit relate primarily to employment termination costs.

3. Gain on sale of investment properties
Three investment properties were sold during the year giving rise to a profit on disposal of £242,000.

4. Loss on revaluation of derivative financial instruments
IAS 39 requires derivative financial instruments to be valued at the balance sheet date and any difference between that value and the intrinsic value of the instrument to be reflected in the balance sheet as an asset or liability. Any subsequent change in value is reflected in the Income Statement unless hedge accounting is achieved. At the year end the derivatives the Group held resulted in a loss or revaluation of £334,000 (2008: £72,000).

3. Earnings per share

The calculation of basic earnings per share is based on profits on ordinary activities after taxation, and the weighted average number of shares in issue in the period, excluding shares held under the Employee Share Ownership Plan ('ESOP').

The calculation of diluted earnings per share is based on profits on ordinary activities after taxation, and the weighted average number of shares in issue in the period, excluding shares held under the ESOP, adjusted to assume the full issue of share options outstanding, to the extent that they are dilutive.

	2009	2008
	£'000	£'000
(Loss) / profit on ordinary activities after taxation	(1,153)	1,378

	2009	*2008*
	Number	*Number*
Weighted average number of shares in issue	*9,060,796*	*8,514,566*
Less: shares held under the ESOP	*(36,499)*	*(36,212)*
Average number of shares in issue excluding the ESOP	*9,024,297*	*8,478,354*
Maximum dilution with regards to share options[1]		*100,644*
Diluted weighted average number of shares	*9,024,297*	*8,578,998*

1 Potential ordinary shares are not considered dilutive where their conversion would reduce loss per share.

	2009	2008
Basic earnings per share	-12.8p	16.3p
Diluted earnings per share	-12.8p	16.1p

To provide a comparison of earnings per share on underlying performance, the calculation below sets out basic and diluted earnings per share based on profits before amortisation and non-trading items.

Earnings per share on underlying profit	2009	2008
		As restated
	£'000	£'000
Profit after tax before non-trading items and amortisation (see note 2)	1,489	1,450
Weighted average number of shares in issue exclusing ESOP (from above)	9,024,297	8,478,354
Diluted weighted average number of shares (from above)	9,120,506	8,578,998
Basic earnings per share on underlying profit	16.5p	17.1p
Diluted earnings per share on underlying profit	16.3p	16.9p

4. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group	
	2009	2008
	£'000	£'000
Non-current liabilities		
Secured bank loans	4,988	5,458
Finance lease liabilities	65	17
Contingent consideration on acquisition		1,517
Total non-current interest bearing loans and borrowings	5,053	6,992
Current liabilities		
Current portion of secured bank loans	500	536
Finance lease liabilities	69	23
Current portion of contingent consideration on acquisition	1,573	1,505
Total current interest-bearing loans and borrowings	2,142	2,064

Net debt

	Group	
	2009	2008
	£'000	£'000
Total interest bearing loans and borrowings	7,195	9,056
less: cash balances	(3,004)	(2,995)
Net debt	4,191	6,061

Finance lease liabilities

	Group	
	2009	2008
	£'000	£'000
Future minimum lease payments due:		
within one year	69	23
after more than one year but within five years	65	17
Total minimum lease payments due	134	40

5. The financial information does not constitute the Company's statutory accounts for the years ended 31 March 2009 and 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies, and those for 2009 will be delivered following the Company's Annual General Meeting. The auditors have reported on those; their reports were unqualified and do not contain statements under section 237(2) or 237(3) of the Companies Act 1985. Copies of the Falkland Islands Holdings plc annual report and financial statements will be with shareholders in July.