

11th February 2010

Falkland Islands Holdings plc
("FIH" or "The Group")

Trading Update and Interim Dividend announcement

Falkland Islands Holdings, the AIM quoted international services Group which owns service businesses focused on transport and logistics and which has a major shareholding in AIM quoted oil exploration company Falkland Oil and Gas Limited ("FOGL"), today announces a trading update and interim dividend for the year ending 31 March 2010.

Trading across the Group's businesses for the 10 months ended 31 January 2010 has been in line with the Board's expectations, and this performance is anticipated to continue for the rest of the financial year.

- In the Falklands, the new West Store has traded very well since opening in November 2009 and we anticipate that the impact of the increased level of economic activity related to preparations for the oil exploration programme will largely offset the poor start to the financial year, following the failure of the illex squid catch;
- Momart, the Group's art logistics business, benefited from the lower cost structure implemented earlier in the year and has seen an improved performance in the second half;
- The Portsmouth Harbour Ferry Company continues to perform well and in line with our expectations;
- The first drilling campaign in Falkland waters for 12 years is imminent and its outcome and that of future drilling in the deeper waters to the South and East will determine the value of the Group's shareholding in FOGL. The impact on the Falklands' economy and your Group's Falklands businesses will be less immediate.

The sale of 3 million shares in FOGL in November generated proceeds of £3.6 million and a profit of £3 million, greatly strengthening the Group's financial position. In view of our lower borrowings, we have unwound our interest rate collar generating a small non-cash profit but more importantly reducing interest charges by some £200,000 per annum at current rates.

The Board is pleased to announce that the Group will pay an interim dividend of 4p per share on 19 March 2010 to shareholders on the share register on 19 February 2009.

- Ends -

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